



SOZO GLOBAL LIMITED

(Company Registration No.: 200608505W)
(Incorporated in Singapore under the Companies Act (Chapter 50) of Singapore)
(Malaysian Foreign Company Registration No.: 995221-H)
(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia)



Our location
of business
and
manufacturing
facilities



SOZO GLOBAL LIMITED

PROSPECTUS

PROSPECTUS

THIS PROSPECTUS IS DATED 1 DECEMBER 2010



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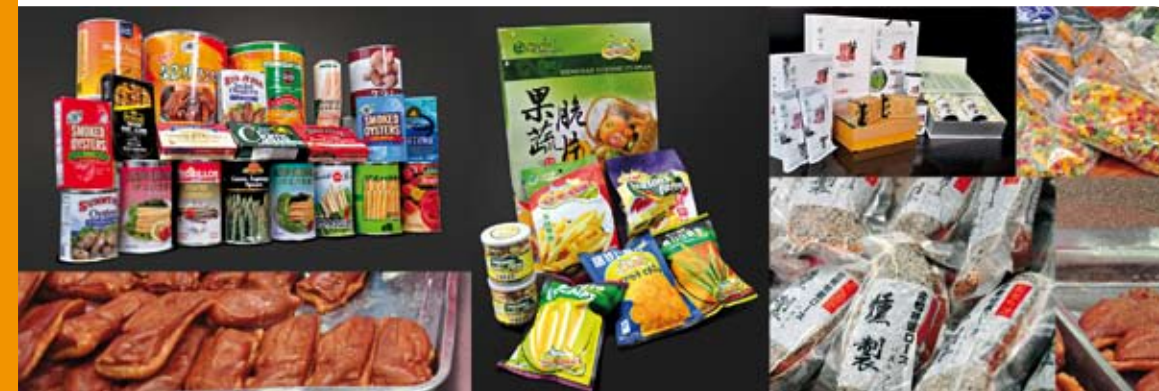
PUBLIC ISSUE OF 55,380,000 NEW ORDINARY SHARES COMPRISING:-

- 24,495,000 NEW ORDINARY SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC; AND
- 30,885,000 NEW ORDINARY SHARES AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

OFFER FOR SALE OF 19,115,000 ORDINARY SHARES AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS;

AT AN ISSUE / OFFER PRICE OF RM0.80 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.



Adviser, Managing Underwriter,
Underwriter and Sole Placement Agent

AmInvestment Bank Berhad
(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)



AmInvestment Bank
Group

Underwriter

Apex

JF Apex Securities Berhad
(Company No. 47680-X)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS.
IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER.
TURN TO SECTION 3 FOR "RISK FACTORS".

THE FOLLOWING SECTIONS ARE ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR SHARES. THE SUMMARY SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS. THE ABBREVIATIONS USED ARE AS PER THOSE SET OUT IN THE "DEFINITIONS" SECTION OF THIS PROSPECTUS.

OUR BUSINESS

Our Group is a one-stop gourmet convenient food specialist specialising in ready-to-serve duck meat products.

We produce more than 1,000 types of products, all of which are approved for export to countries such as Japan, USA and Korea.

Our production facilities are located at Ju County, Rizhao City, Shandong Province, the PRC.

OUR PRODUCTS

Our products are marketed under our customers' brands and under our own brand name, "Geleifu" (Green Food), "Hengbao Food" and "The Four Seasons Farm".

RTS Food

Comprise pre-cooked gourmet meat or meat with vegetable products which are either frozen or vacuum packed for convenient storage, easy preparation and quick consumption.



Frozen Vegetables

Comprise pre-cooked vegetables and fresh vegetables which are frozen for convenient storage and preparation.



Canned Food

Comprise pre-cooked and fresh seafood, vegetables and fruits which are canned for hassle free storage and fast consumption.

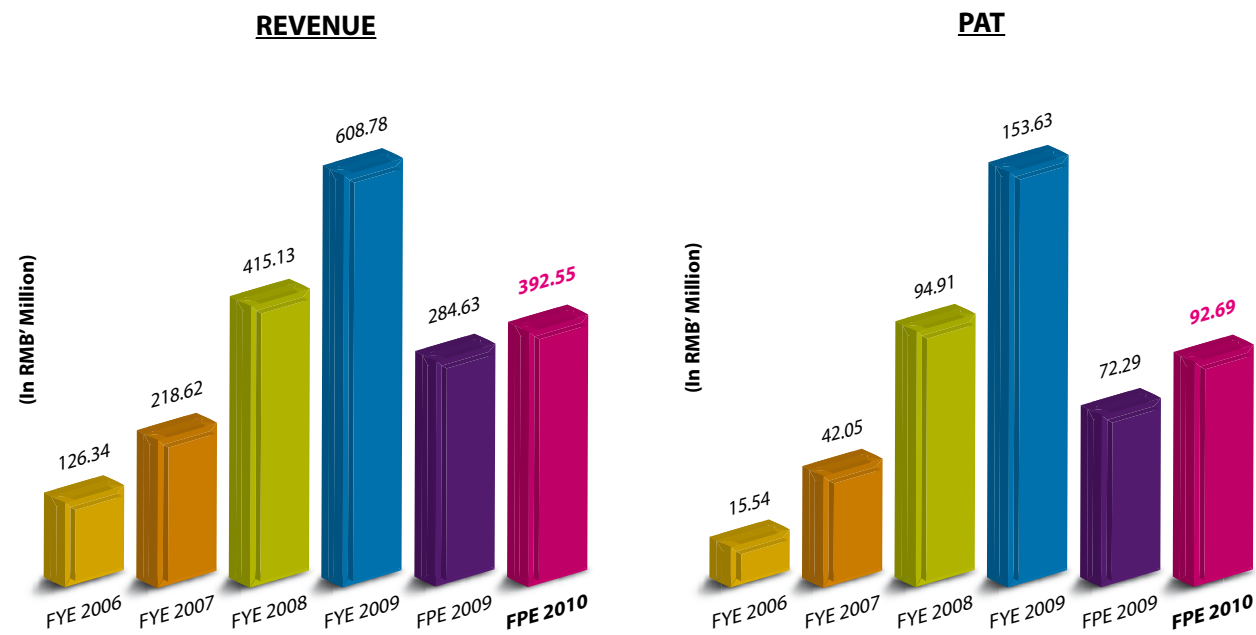


Others

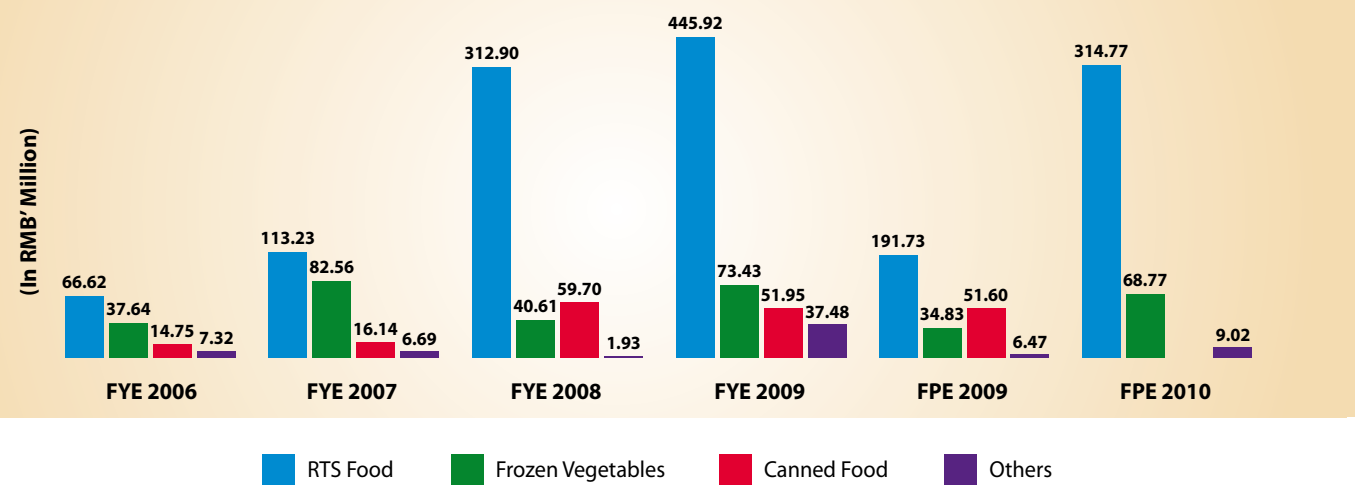
Comprise mainly VF Snacks and asparagus tea products.



OUR FINANCIAL HIGHLIGHTS



REVENUE BY PRODUCT SEGMENTS



OUR FUTURE PLANS & STRATEGIES

- Setting Up A Modern Poultry Farming & Breeding Facility
- Setting Up A Modern Poultry Processing Facility
- Setting Up A Third Production Plant & Corporate Headquarters Building in the PRC
- Introduction of New Products and Entering into New Overseas Market for Existing Products
- Establishing Ourselves in the PRC Market
- Construction of Halal Food Processing Facility in Malaysia

OUR COMPETITIVE STRENGTHS

- **We Are A One-Stop Gourmet Convenient Food Specialist Capable of Offering Complete Manufacturing Solutions to Our Customers**

We are capable of providing complete manufacturing solutions to our customers. In addition, we are also able to meet our customers' requirements for a wide variety of convenient food.

- **We Are Certified and Registered to Manufacture for Export to Japan, USA and Korea**

We have obtained the necessary certifications and registrations to manufacture products for export to Japan (processed poultry and meat products), USA (canned seafood) and Korea (processed poultry products).

- **We Have Highly Experienced and Professional Directors Who Are Supported by A Management Team of Highly Dedicated and Experienced Personnel**

- Our Group is led by our founders and Executive Directors who collectively have more than forty five (45) years of experience in the PRC F&B industry and export business.

- Our Executive Directors are supported by a management team of five (5) highly experienced and dedicated personnel who each possess many years of experience in their respective fields.

- **We Enjoy A Stable Supply of Competitively Priced and High Quality Raw Materials**

Our strategic location in Shandong Province enables us to enjoy a stable supply of competitively priced raw materials including other benefits such as the ability to adopt an efficient inventory management system, guaranteed freshness of raw materials and lower raw material transportation costs.

- **We Have Stringent Product Quality and Safety Standards Control Systems Which Are Accredited by Various Bodies**

We have obtained several accreditations from relevant bodies over the years which include HACCP and/or ISO 22000:2005 Food Safety Management System as well as ISO 9001: 2008 certifications. Such accreditations serve as a testimony of our Group's commitment to high product quality.

- **We Are Strategically Located at Close Proximity to Major PRC Ports and Our Key Overseas Market, Japan**

We are strategically located at close proximity to several major PRC ports and Japan, our key overseas market which allows us to enjoy lower transportation costs as well as cost savings on port storage.

- **We Are Highly Regarded and Reputable in the Industry**

- Our subsidiary, Rizhao Hengbao has been recognised by Shandong Agriculture Hall as a leading agriculture product enterprise in Shandong Province, the PRC.

- Rizhao Hengbao is also currently the largest manufacturer of cooked duck meat products for export purposes in Shandong Province, as confirmed by the Foreign Trade & Economic Cooperation of Shandong Province.

- **Our Directors and Management Team Are Familiar with Overseas Markets and Have Established Long Term Business Relationships with Our Customers**

Our Executive Directors and certain of our management team personnel possess many years of experience in the F&B export industry, in particular, the Japanese market.



RESPONSIBILITY STATEMENTS

THE DIRECTORS AND PROMOTERS OF SOZO GLOBAL LIMITED ("**SOZO**" OR THE "**COMPANY**") AND THE OFFERORS HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THE PROSPECTUS FALSE OR MISLEADING.

AmINVESTMENT BANK BERHAD (A MEMBER OF AmINVESTMENT BANK GROUP), BEING OUR ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND SOLE PLACEMENT AGENT ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE OFFERING.

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("**SC**") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR THE OFFERING (WHERE APPLICABLE) AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS, OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, THE COMPANY OR ITS SECURITIES.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE HEREIN BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS. BURSA SECURITIES MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THIS PROSPECTUS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THIS PROSPECTUS.

THE ACCEPTANCE OF APPLICATIONS FOR THE SHARES IS CONDITIONAL UPON PERMISSION BEING GRANTED BY BURSA SECURITIES FOR THE QUOTATION OF THE ENTIRE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY ON THE MAIN MARKET OF BURSA SECURITIES. ACCORDINGLY, ALL MONIES PAID IN RESPECT OF ANY APPLICATION ACCEPTED WILL BE RETURNED WITHOUT INTEREST TO THE APPLICANTS IF THE AFORESAID PERMISSION IS NOT GRANTED WITHIN SIX (6) WEEKS FROM THE DATE OF ISSUE OF THIS PROSPECTUS (OR SUCH LONGER PERIOD AS MAY BE SPECIFIED BY THE SC), PROVIDED THAT THE COMPANY IS NOTIFIED BY BURSA SECURITIES WITHIN THE AFORESAID TIME FRAME. IF SUCH MONIES ARE NOT REPAID WITHIN FOURTEEN (14) DAYS AFTER THE COMPANY BECOMES LIABLE TO DO SO, THE PROVISION OF SUB-SECTION 243(2) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA") SHALL APPLY ACCORDINGLY.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249, AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT <http://www.bursamalaysia.com>. THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

YOU MAY OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT <http://www.eipocimb.com>, THE WEBSITE OF CIMB BANK BERHAD AT <http://www.cimbclicks.com.my>, THE WEBSITE OF MALAYAN BANKING BERHAD AT <http://www.maybank2u.com.my>, THE WEBSITE OF AFFIN BANK BERHAD AT <http://www.affinOnline.com> AND THE WEBSITE OF RHB BANK BERHAD AT <http://www.rhbbank.com.my> VIA HYPERLINK TO THE WEBSITE OF BURSA SECURITIES.

THE INTERNET IS NOT A FULLY SECURED MEDIUM. INTERNET APPLICATIONS MAY BE SUBJECTED TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT ABOUT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE MALAYSIAN ISSUING HOUSE SDN BHD, A PAPER/ PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/ PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/ PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, INVESTORS ACKNOWLEDGE AND AGREE THAT:-

- (I) WE DO NOT ENDORSE AND IS NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, THE CONTENT ON, OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:-

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS, I.E. TO THE EXTENT THAT THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY BE VIEWED VIA WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS, WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF THE ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OF CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA. THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE OFFERING OR YOU ARE OR MIGHT BE SUBJECTED. NEITHER WE NOR THE ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE OFFERING SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

THE CIRCULATION OF THIS PROSPECTUS AND THE ISSUE, OFFER OR INVITATION OF THE SECURITIES MAY BE RESTRICTED IN CERTAIN JURISDICTIONS OUTSIDE MALAYSIA AND THEREFORE PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES SHALL SEEK ADVICE ON AND OBSERVE ANY SUCH RESTRICTIONS. THIS PROSPECTUS DOES NOT CONSTITUTE AN ISSUE, OFFER OR INVITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH ISSUE, OFFER OR INVITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH ISSUE, OFFER OR INVITATION.

IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECTED TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE OFFERING WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE OFFERING WOULD BE IN COMPLIANCE WITH THE TERMS OF THE OFFERING AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. WE WILL FURTHER ASSUME THAT YOU HAD RECEIVED THE PROSPECTUS AND ACCEPTED THE OFFERING IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE OFFERING, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

APPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS

THE SECURITIES INDUSTRY COUNCIL OF SINGAPORE HAS, ON 5 JANUARY 2010, GRANTED OUR COMPANY WAIVER OF THE APPLICATION OF THE SINGAPORE CODE ON TAKE-OVERS AND MERGERS IN RESPECT OF OUR COMPANY. IN THE CIRCUMSTANCES AND AS PROVIDED FOR IN ARTICLE 178(A) OF OUR ARTICLES OF ASSOCIATION, OUR COMPANY IS SUBJECT TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS AND NOT THE SINGAPORE CODE ON TAKE-OVERS AND MERGERS FOR SO LONG AS OUR COMPANY IS LISTED ON BURSA SECURITIES.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Malaysia Securities Berhad is set out below:-

<u>Date</u>	<u>Event</u>
1 December 2010	: Issue of Prospectus/ opening date of the Initial Public Offering ("IPO")
9 December 2010	: Closing date of the IPO
13 December 2010	: Tentative date for balloting of applications
15 December 2010	: Tentative date for allotment of IPO shares
17 December 2010	: Tentative listing date

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.

THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 5.00 P.M. ON 9 DECEMBER 2010 OR FOR SUCH FURTHER PERIOD OR PERIODS AS OUR DIRECTORS, PROMOTERS AND OFFERORS TOGETHER WITH OUR MANAGING UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE. WE WILL NOT ACCEPT LATE APPLICATIONS.

IN THE EVENT THE CLOSING DATE FOR THE APPLICATIONS IS EXTENDED, YOU WILL BE NOTIFIED OF THE CHANGE IN A WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA DAILY NEWSPAPERS IN MALAYSIA. SHOULD THE APPLICATION PERIOD BE EXTENDED, THE DATES FOR THE BALLOTING OF THE APPLICATIONS AND THE LISTING OF OUR COMPANY WILL BE EXTENDED ACCORDINGLY.

DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings:-

ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
Adviser	:	AmlInvestment Bank
Agro Treasures	:	Agro Treasures Sdn Bhd (795352-V), a substantial shareholder of Sozo
AmlInvestment Bank	:	AmlInvestment Bank Berhad (23742-V), a member of AmlInvestment Bank Group
Application	:	The application for the IPO Shares by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application
Application Form(s)	:	The printed application form(s) for the application for the IPO Shares
ATM	:	Automated Teller Machine
Authorised Financial Institution(s)	:	The authorised financial institution(s) participating in the Internet Share Application, with respect to payments for the Public Issue Shares made available for Application under the Public Issue
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
BVI	:	British Virgin Islands
CDS	:	Central Depository System
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
China or PRC	:	The People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
CMSA	:	The Capital Markets and Services Act 2007 of Malaysia, as may be amended, supplemented or modified from time to time
Conversion	:	The Conversion of Convertible Loans and Conversion of RCCPS collectively
Conversion of Convertible Loans	:	The conversion of the Convertible Loans into an aggregate of 63,814,460 new Shares pursuant to the Convertible Loan Agreements

DEFINITIONS (CONT'D)

Conversion of RCCPS	:	The conversion of the RCCPS into 48,805,540 new Shares pursuant to the RCCPS Agreement
Convertible Loan Agreements	:	Collectively the following:- <ul style="list-style-type: none"> (a) Convertible Loan and Share Sale Agreements dated 7 April 2008, 29 December 2008, 29 March 2009 and 31 March 2009, and Supplemental Agreements dated 22 August 2009 and 25 September 2009; and (b) Convertible Loan Agreements dated 25 May 2009, 26 May 2009, 1 June 2009 and 17 September 2009, and Supplemental Agreements dated 25 September 2009; <p>pursuant to which various strategic investors granted Sozo the Convertible Loans in consideration of the right to convert the full sum of the Convertible Loans into new Shares in Sozo, based on the terms and conditions of the respective agreements. For further details, please refer to Section 4.2(ii) of this Prospectus</p>
Convertible Loans	:	The convertible loans with an aggregate amount of SGD6,055,000 and RM2,400,000 extended to Sozo by various strategic investors pursuant to the Convertible Loan Agreements
EBIDTA	:	Earnings before interest, depreciation, tax and amortisation
Electronic Share Application	:	Application for the IPO Shares through a Participating Financial Institution's ATM
EPS	:	Earnings per Share
F&B	:	Food and beverage
FIE(s)	:	Foreign investment enterprise(s)
FPE	:	Financial period ended 30 June
FYE	:	Financial year ended or, as the case may be, ending 31 December
GDP	:	Gross Domestic Product
GP	:	Gross profit
HACCP	:	Hazard Analysis Critical Control Point
Hengbao Foodstuffs	:	Hengbao Foodstuffs Holding Limited (BVI Company No. 1489104), a company incorporated in BVI
HSE	:	Health, safety and environment
Internet Participating Financial Institution	:	The participating financial institution for the Internet Share Application

DEFINITIONS (CONT'D)

Internet Share Application	:	Application for the IPO Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering in Malaysia comprising the Public Issue and Offer For Sale
IPO Price	:	RM0.80 for each IPO Share
IPO Share(s)	:	The Public Issue Share(s) and Offer Share(s) collectively
ISO	:	International Organisation for Standardisation
Khazanah	:	Khazanah Nasional Berhad (275505-K), a substantial shareholder of Sozo
Listing	:	The admission to the Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities
Listing Requirements	:	Bursa Securities Main Market Listing Requirements
Listing Scheme	:	The Subdivision, Conversion, Transfer, Public Issue, Offer For Sale and Listing collectively
LPD	:	29 October 2010, being the latest practicable date prior to the printing of this Prospectus
Malaysian Companies Act	:	The Companies Act, 1965 of Malaysia, as may be amended, supplemented or modified from time to time
Malaysian Public or Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Managing Underwriter	:	AmInvestment Bank
MIH or Issuing House	:	Malaysian Issuing House Sdn Bhd (258345-X)
NA	:	Net assets
NBV	:	Net book value
NTA	:	Net tangible assets
OEM	:	Original Equipment Manufacturer
Offer For Sale	:	The invitation by the Offerors to selected investors to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Shares	:	19,115,000 Shares in Sozo, which are the subject of the Offer For Sale

DEFINITIONS (CONT'D)

Offerors	:	The Offerors of the Offer Shares as set out in Section 2.2(ii) of this Prospectus
Official List	:	The list of all securities which have been admitted for quotation in accordance with the Listing Requirements
Participating Institution(s)	Financial :	The participating financial institutions for Electronic Share Application as listed in Section 14.5 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
Promoters	:	Hengbao Foodstuffs and Shen Hengbao collectively
Prospectus	:	This Prospectus dated 1 December 2010 issued by our Company in respect of the IPO
Protégé Associates	:	Protégé Associates Sdn Bhd (675767-H), the Independent Market Researcher
Public Issue	:	The invitation by our Company to the Malaysian Public and selected investors to subscribe for the Public Issue Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Shares	:	55,380,000 new Shares in Sozo which are the subject of the Public Issue
QA	:	Quality assurance
QC	:	Quality control
QMS	:	Quality Management System
R&D	:	Research and development
RCCPS Agreement	:	The Subscription Agreement for RCCPS dated 27 August 2009 pursuant to which Agro Treasures subscribed for the RCCPS at an issue price of SGD0.01 per RCCPS subject to a maximum investment of RM20,500,000 in consideration of the right to convert the RCCPS into new Shares in Sozo, based on the terms and conditions of the said agreement
RCCPS	:	832,318,311 Redeemable Cumulative and Convertible Preference Shares Series A in Sozo
Rizhao Hengbao	:	Rizhao Hengbao Foodstuffs Co., Ltd. (日照恒宝食品有限公司) (PRC Company Registration No. 371122228001225), a company incorporated in China
RM and sen	:	Ringgit Malaysia and sen, respectively
RMB and RMB cents	:	PRC Renminbi and cents, respectively

DEFINITIONS (CONT'D)

ROC	:	Registrar of Companies of Malaysia
Rules	:	The Rules of Bursa Depository
RTS Food	:	Ready-to-serve food
SAFE	:	State Administration of Foreign Exchange of PRC
SC	:	Securities Commission of Malaysia
SC Guidelines	:	The Equity Guidelines issued by the SC
SGD and SGD cents	:	Singapore dollar and cents, respectively
Share(s)	:	Ordinary share(s) in the capital of Sozo
Singapore Companies Act	:	The Companies Act (Chapter 50) of Singapore including, any statutory modification, amendment or re-enactment thereof from time to time
Sole Placement Agent	:	AmlInvestment Bank
Sozo or Company	:	Sozo Global Limited (Singapore Company No. 200608505W) (Malaysian Foreign Company Registration No. 995221-H), a company incorporated in Singapore under the Singapore Companies Act and registered as a foreign company in Malaysia under the Malaysian Companies Act
Sozo Group or Group	:	Sozo and our subsidiary, Rizhao Hengbao
Subdivision	:	The subdivision of every one (1) existing Share into one hundred (100) Shares
Transfer	:	The transfer of 32,798,000 Shares in Sozo by Hengbao Foodstuffs to Lim Kwee Gee, Cherrybrook Group Limited, Sign Century Limited, Loh Peng Chai, Arthur J Stewart Group Limited, Lim Chee Pin, Eminence Capital Pte Ltd and Clifford Capital Holdings Limited after the Subdivision and Conversion
USA or US	:	United States of America
USD	:	US Dollar
Vida	:	Vida Incorporated Sdn Bhd, (795347-K), a substantial shareholder of Sozo
VF Snacks	:	Vacuum fried vegetables and fruits snacks
WFOE	:	Wholly foreign-owned enterprise under the laws of the PRC
WTO	:	World Trade Organisation

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INTERPRETATION

All references to "Company" and "Sozo" in this Prospectus are to Sozo Global Limited, references to "our Group" is to our Company and our subsidiary, and references to "we", "us", "our" and "ourselves" are to our Company, and where the context requires, our Company and our subsidiary.

Unless the context otherwise requires, references to "management" are to our Directors and key management personnel as at the date of this Prospectus. Statements as to our beliefs, expectations, estimates and opinions are those of our Directors.

Certain acronyms, technical terms and other abbreviations used are defined in the "Definitions" section of this Prospectus. Words denoting the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include companies or corporations.

Sozo is a foreign incorporated company and not incorporated under the Malaysian Companies Act. However, for your ease of reference and understanding, all substantial shareholders and their indirect shareholdings in Sozo have been identified based on Section 69D and Section 6A of the Malaysian Companies Act.

Any reference in this Prospectus, the Application Form(s), Electronic Share Applications or Internet Share Applications to any legislation, statute or statutory provision is a reference to that legislation, statute or statutory provision for the time being as amended or re-enacted, and to any repealed legislation, statute or statutory provision which it re-enacts (with or without modification). Any word defined in the Malaysian Companies Act, Singapore Companies Act, CMSA, Listing Requirements or any statutory modification thereof and used in this Prospectus and the Application Form(s) shall, where applicable, have the meaning ascribed to it under the Malaysian Companies Act, Singapore Companies Act, CMSA, Listing Requirements or any statutory modification thereof (as the case may be).

Any reference to a time of day in this Prospectus, the Application Form(s), Electronic Share Applications or Internet Share Applications shall be a reference to Malaysia time unless otherwise stated.

Certain names, phrases, statements, terminology and other references originally in Chinese text in source documents/ materials have been translated into English in this Prospectus solely for the convenience of readers. The Chinese text may be subjected to differing interpretations and translations and accordingly no representation is made that, any such translations into English accurately reflect the Chinese text or meaning of the relevant original source documents/ materials. Such translations may not have been registered with the relevant PRC authorities and should not be construed as representations that the English names actually represent the Chinese characters.

The information on our websites, or any website directly or indirectly linked to such websites does not form part of this Prospectus and you should not rely on it.

The term "entity" includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest tenth/ hundredth or one/ two decimal places. Any numeric discrepancies in the tables included in this Prospectus between the listed amounts and the totals thereof are due to rounding differences.

INTERPRETATION (CONT'D)

In this Prospectus, references to "a person who is deemed connected" with another are references to such persons as defined under Section 122A of the Malaysian Companies Act. A person shall be deemed connected to a Director or substantial shareholder of Sozo if he is:-

- (a) a member of that Director's or substantial shareholder's family, which is defined to include his spouse, parent, child (including adopted child and step-child), brother, sister and the spouse of his child, brother or sister;
- (b) a body corporate that is associated with that Director or substantial shareholder;
- (c) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which that Director or substantial shareholder or member of his family is a beneficiary; or
- (d) a partner of that Director or substantial shareholder, or a partner of a person connected with the Director or substantial shareholder.

In this Prospectus, references to "a substantial shareholder" shall have the meaning defined under the Malaysian Companies Act. A person has a substantial shareholding in a company:-

- (a) if he has an interest or interests in one or more voting shares in the company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than five per centum of the aggregate of the nominal amounts of all the voting shares in the company; or
- (b) if, being a company the share capital of which is divided into two or more classes of the shares, if he has an interest or interests in one or more voting shares included in one of those classes and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than five per centum of the aggregate of the nominal amounts of all the voting shares included in that class.

"A body corporate is associated with a Director or substantial shareholder" as defined under the Malaysian Companies Act, if:-

- (a) the body corporate is accustomed or is under an obligation, whether formal or informal, or its Directors or substantial shareholders are accustomed, to act in accordance with the directions, instructions or wishes of that Director or substantial shareholder;
- (b) that Director or substantial shareholder has a controlling interest in the body corporate; or
- (c) that Director or substantial shareholder or persons connected with him, or that Director or substantial shareholder and persons connected with him, are entitled to exercise, or control the exercise of, not less than fifteen per centum of the votes attached to the voting shares in the body corporate.

This Prospectus contains forward-looking statements, which are statements other than statements of historical facts, and are based on assumptions that are subject to known and unknown risks, uncertainties and contingencies. The words, such as "believe", "plan", "expect", "intend", "estimate" and similar expressions are used to identify such forward-looking statements. These forward-looking statements represent our Directors' views and beliefs with respect to the future of our Group, and do not constitute a guarantee of the future performance of our Group.

EXCHANGE RATES

The average and closing exchange rates as outlined in the table below are extracted from published information by Bank Negara Malaysia. The average exchange rate for each financial period is the average of the closing exchange rates on the last day of each month during that financial period. These exchange rates have been presented solely for information only and should not be construed as a representation that those RMB amounts could have been, or could be, or was converted into RM, at any particular rates, the rates stated below, or at all.

	RMB : RM rate	
	Average	Closing
FYE 2006	0.4597	0.4511
FYE 2007	0.4518	0.4534
FYE 2008	0.4819	0.5084
FYE 2009	0.5157	0.5019
FPE 2009	0.5252	0.5151
FPE 2010	0.4829	0.4772

(Source: Bank Negara Malaysia)

The high and low exchange rates between RMB and RM for each of the past six (6) months prior and up to LPD were as follows:-

	RMB : RM rate	
	High	Low
May 2010	0.4923	0.4665
June 2010	0.4879	0.4686
July 2010	0.4767	0.4698
August 2010	0.4694	0.4607
September 2010	0.4625	0.4580
October 2010	0.4688	0.4614

(Source: Bank Negara Malaysia)

As at LPD, the closing exchange rate between RMB and RM was RMB1 to RM0.4656.

The above exchange rates have been calculated with reference to exchange rates quoted from Bank Negara Malaysia and should not be construed as representations that the RMB amounts actually represent such amounts or could be or was converted into the RM at the rate indicated, or at any other rate, or at all. Fluctuation in the exchange rates between the RMB and the RM will affect the RMB equivalent of the RM price of our Shares on Bursa Securities and the RM equivalent of any cash dividend paid by us in RMB.

We believe that we have extracted the relevant information in its proper form and context in this Prospectus, and have not verified the above exchange rates.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name/ Designation	Address	Profession	Nationality
Shen Hengbao (申恒宝)/ Chief Executive Officer	No. 135, Macao Road Building 5, Shinan District Qingdao Shandong Province PRC	Entrepreneur	Chinese
Meng Xiangzhen (孟祥贞)/ Executive Director	No. 102 Cheng Yang North Road Household 401, Unit 1 Building 1 Ju County Shandong Province PRC	Accountant	Chinese
Lee Yu Lian/ Non-Independent Non- Executive Director	37, Jalan Chanderai Dua Lucky Garden Bangsar 59100 Kuala Lumpur Malaysia	Private Equity Fund Managing Partner	Malaysian
Tan Gim Hwee/ Independent Non-Executive Director	Block 294, Punggol Central #14-529 Singapore 820294	Accountant	Singaporean
Sun Shimin (孙世民)/ Independent Non-Executive Director	No. 24, Wenhua Road Taishan District Tai'an Shandong Province PRC	Lecturer	Chinese
Ching Leng Team/ Independent Non-Executive Director	No. 13, Jalan Gelawai Taman Bukit Belimbing Balakong 43300 Seri Kembangan Selangor Malaysia	Accountant	Malaysian
Poh Seng Hiap/ Independent Non-Executive Director	No. 10, Jalan RK 6/2 Rasah Kemayan Golf & Country Township 70300 Seremban Negeri Sembilan Malaysia	Accountant	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Tan Gim Hwee	Chairman	Independent Non-Executive Director
Ching Leng Team	Member	Independent Non-Executive Director
Poh Seng Hiap	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (CONT'D)

- JOINT COMPANY SECRETARIES** : Ong Beng Hong, LLB (Hons) (390/1990)
Tan Swee Gek, LLB (Hons) (74/1999)
c/o 80 Robinson Road, #17-02
Singapore 068898
Republic of Singapore
- COMPANY AGENT IN MALAYSIA** : Boardroom.com Sdn Bhd (820910-X)
Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
- REGISTERED OFFICE IN SINGAPORE** : 80 Robinson Road, #17-02
Singapore 068898
Republic of Singapore
Telephone No.: + 65 6222 8008
- REGISTERED OFFICE IN MALAYSIA** : Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Telephone No.: + 6 (03) 2279 3080
- HEAD/ MANAGEMENT OFFICE** : No. 1, Juzhou Road
Ju County
Shandong Province
PRC
Telephone No.: + 86 633 617 5066
Email: hengbao@hengbaofood.com
Website: www.hengbaofood.com
- MALAYSIAN SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Malaysia
- REPORTING ACCOUNTANTS** : UHY (AF 1411)
Chartered Accountants
(A Member Firm of UHY International)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
- AUDITORS** : Paul Wan & Co
Public Accountants and Certified Public Accountants
Singapore
(A Member Firm of Morison International)
10, Anson Road
#35-07 / 08 International Plaza
Singapore 079903
Republic of Singapore

CORPORATE DIRECTORY (CONT'D)

- LEGAL ADVISER FOR THE IPO** : Martin Cheah & Associates
4th Floor, Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
- LEGAL ADVISER TO OUR COMPANY ON PRC LAW** : Jincheng Tongda & Neal Law Firm
11 / F, Huaxia Bank Plaza
No. 22, Jianguomennei Avenue
Beijing 100005
PRC
- LEGAL ADVISER TO OUR COMPANY ON SINGAPORE LAW** : Kelvin Chia Partnership
6, Temasek Boulevard
29th Floor
Suntec Tower Four
Singapore 038986
Republic of Singapore
- PRINCIPAL BANKERS** : China Construction Bank Corporation
(Ju County Branch)
No. 25, Zhenxin Road
Ju County
Shandong Province
PRC
- Industrial and Commercial Bank of China Limited
(Ju County Branch)
No. 102, Fulai Middle Road
Ju County
Shandong Province
PRC
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Malaysia
- INDEPENDENT MARKET RESEARCHER** : Protégé Associates Sdn Bhd (675767-H)
Suite C-06-06, Plaza Mont' Kiara
2, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur
Malaysia
- ADVISER, MANAGING UNDERWRITER AND SOLE PLACEMENT AGENT** : AmInvestment Bank Berhad (23742-V)
(a member of AmInvestment Bank Group)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

CORPORATE DIRECTORY (CONT'D)

UNDERWRITERS

AmlInvestment Bank Berhad (23742-V)
(a member of AmlInvestment Bank Group)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

JF Apex Securities Berhad (47680-X)
6th Floor, Menara Apex
Off Jalan Semenyih
Bukit Mewah
43000 Kajang
Selangor Darul Ehsan
Malaysia

LISTING SOUGHT

: Main Market of Bursa Securities

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1. INFORMATION SUMMARY

THE INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR SHARES. THE SUMMARY INFORMATION SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

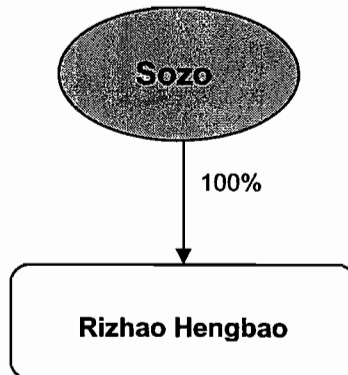
1.1 BACKGROUND INFORMATION ON OUR GROUP

Our Company was incorporated in Singapore on 12 June 2006 as a private limited company. On 16 October 2009, our Company was registered in Malaysia as a foreign company under the name of Sozo Global Pte. Ltd. On 27 October 2009, we were converted into a public limited company and on 30 October 2009, we were registered in Malaysia under our present name.

Our principal activity is investment holding whilst our subsidiary is a one-stop gourmet convenient food specialist. Our Group's products are marketed under our customers' brands and under our own brand, "Geleifu" (Green Food), "Hengbao Food" and "The Four Seasons Farm".

We segment our products into four (4) categories, namely RTS Food, frozen vegetables, canned food and others such as VF Snacks and asparagus tea products.

Our Group's corporate structure is depicted below:-



Further details on our Group's history and business are set out in Section 4 of this Prospectus.

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1. INFORMATION SUMMARY (CONT'D)

1.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

Our Promoters, substantial shareholders, Directors and key management are as listed below:-

Name	Designation
<u>Promoters</u>	
Shen Hengbao	Chief Executive Officer
Hengbao Foodstuffs	-
<u>Substantial Shareholders</u>	
Shen Hengbao	Chief Executive Officer
Hengbao Foodstuffs	-
Agro Treasures	-
Khazanah	-
Vida	-
<u>Directors</u>	
Shen Hengbao	Chief Executive Officer
Meng Xiangzhen	Executive Director
Lee Yu Lian	Non-Independent Non-Executive Director
Tan Gim Hwee	Independent Non-Executive Director
Sun Shimin	Independent Non-Executive Director
Ching Leng Team	Independent Non-Executive Director
Poh Seng Hiap	Independent Non-Executive Director
<u>Key Management</u>	
Zhao Changmin	QC and Product Development Director
Yao Zhifang	Sales and Marketing Director
Wang Jundi	Human Resource and Administration Director
Liu Fuliang	Production Director
Pang Wei Pin	Chief Financial Officer

Details of our Promoters, substantial shareholders, Directors and key management are set out in Section 5 of this Prospectus.

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1. INFORMATION SUMMARY (CONT'D)

1.3 SALIENT INFORMATION ON THE LISTING EXERCISE AND UTILISATION OF PROCEEDS

The IPO entails a public issue of 55,380,000 new Shares and an offer for sale of 19,115,000 Shares at an IPO Price of RM0.80 per Share.

Our Group will utilise the total gross proceeds of RM44,304,000 arising from the Public Issue in the following manner:-

		Amount		Expected Utilisation Period After Our Listing
		RM'000	%	
(i)	Setting up of a modern poultry farming and breeding facility	5,000	11.29	Within 24 months
(ii)	Setting up of a modern poultry processing facility	5,000	11.29	Within 24 months
(iii)	Setting up of a third production plant and corporate headquarters building in PRC	15,000	33.86	Within 24 months
(iv)	Construction of Halal food processing facility in Malaysia	5,000	11.29	Within 24 months
(v)	Working capital	4,304	9.70	Within 12 months
(vi)	Estimated listing expenses	10,000	22.57	Within 6 months
		44,304	100.00	

Further details on the IPO and utilisation of proceeds are set out in Sections 2.2 and 2.6 of this Prospectus respectively.

1.4 RISK FACTORS

In evaluating an investment in the IPO Shares, you should carefully consider all information contained in this Prospectus, including but not limited to the general and specific risks set out below.

1.4.1 Risks in Respect of Our Group's Operations and Financial Performance:-

- (i) Our operations may be affected should we fail to comply with the conditions stipulated in our licences or permits, or in the event any of our licences or approvals are revoked, not renewed or not extended;
- (ii) An increase in the price or shortage of raw materials will lead to increase in the costs and may erode our profitability and thus affect our financial performance;
- (iii) We are dependent on our established distribution networks and their ability to maintain and expand their distribution channels;
- (iv) Competition;
- (v) We face the risks of food contamination and deterioration which may result in complaints, product liability claims from customers and/or negative publicity;
- (vi) Our operations may be affected in the event that any of the countries to which our products are exported imposes a ban on the types of food products we export or imposes stricter standards on the import of food products;

1. INFORMATION SUMMARY (CONT'D)

- (vii) Our business is dependent on prompt delivery and quality transportation of our raw materials;
- (viii) Major disruption in our production facilities could disrupt our operations;
- (ix) Suppliers may provide us with genetically modified food ingredients;
- (x) We are subject to changes in consumer taste and preferences, dietary habits or discretionary consumer spending;
- (xi) We are exposed to the credit risk of our customers and defaults in payment by our customers will adversely affect our financial position and our profitability;
- (xii) We are exposed to the uncertain global economic outlook;
- (xiii) We may be affected by an outbreak of communicable diseases and viruses;
- (xiv) We may be unable to obtain additional capital for future expansion;
- (xv) We cannot assure you of the success of our business expansion or that we will be able to manage our business expansion and growth effectively;
- (xvi) We are subject to environmental regulations;
- (xvii) Our Group relies on the continued employment and performance of our Executive Directors and other key management personnel;
- (xviii) Our insurance coverage may not be adequate for our operations;
- (xix) Our operations may be affected by material litigation, claim or arbitration; and
- (xx) Control by our Promoters.

1.4.2 Risks Relating to Our Operating Subsidiary in the PRC:-

- (i) Our business and operations in the PRC are governed by the legal system of the PRC and introduction of new laws and regulations or changes to the existing laws and regulations may have a negative effect on our business;
- (ii) The PRC's foreign exchange control may limit our ability to utilise our revenue effectively and affect our ability to receive dividends and other payments from our PRC subsidiary, Rizhao Hengbao;
- (iii) Changes to PRC tax laws and regulations may adversely impact our profitability;
- (iv) Increases in labour costs and other costs of production in China;
- (v) Exchange rate fluctuation;
- (vi) New labour laws in China;

1. INFORMATION SUMMARY (CONT'D)

- (vii) Dependence on China's political, economic, regulatory and social conditions; and
- (viii) Our subsidiary, operations and significant assets are located in the PRC. Shareholders may find it difficult to enforce a Malaysia judgment against the assets of our Company, our Executive Directors and key management personnel.

1.4.3 Risks Relating to Our Company Being Incorporated in Singapore

- (i) Rights and protection accorded to our shareholders;
- (ii) Recognising depositors as our shareholders; and
- (iii) Different take-over codes in Malaysia and Singapore may affect the regulation of our Company.

1.4.4 Risks in Respect of the IPO:-

- (i) Payment of dividend;
- (ii) Capital restrictions on funds raised in Malaysia;
- (iii) Our Shares are subject to capital market risks, which could result in the value of your investment in our Shares to decline;
- (iv) There may be a delay in our Listing or the Listing may be aborted;
- (v) There is no prior market for our Shares and an active market for our Shares may not develop; and
- (vi) Disclosure regarding forward-looking statements.

Further details of these risk factors are set out in Section 3 of this Prospectus.

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1. INFORMATION SUMMARY (CONT'D)

1.5 FINANCIAL HIGHLIGHTS

1.5.1 Historical Financial Information

The following table sets out a summary of our proforma combined statements of comprehensive income for the past four (4) FYE 2006 to FYE 2009 and FPE 2010, on the assumption that our Group has been in existence throughout the years/ periods under review. The proforma combined statements of comprehensive income are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the proforma combined financial information set out in Section 8.7 of this Prospectus.

	Audited											
	FYE 2006		FYE 2007		FYE 2008		FYE 2009		FPE 2009		FPE 2010	
	RMB'000	^(a) /RM'000	RMB'000	^(a) /RM'000	RMB'000	^(a) /RM'000	RMB'000	^(a) /RM'000	RMB'000	^(a) /RM'000	RMB'000	^(a) /RM'000
Revenue	126,335	58,076	218,615	98,770	415,126	200,050	608,775	313,945	284,625	149,485	392,554	189,564
Cost of sales	(98,164)	(45,126)	(143,847)	(64,990)	(282,304)	(136,043)	(394,446)	(203,416)	(184,560)	(96,931)	(263,118)	(127,060)
GP	28,171	12,950	74,768	33,780	132,822	64,007	214,329	110,529	100,065	52,554	129,436	62,504
Other operating income	248	114	2,249	1,016	886	427	1,801	929	1,020	536	1,821	879
Selling and distribution expenses	(727)	(334)	(917)	(414)	(749)	(361)	(1,412)	(728)	(992)	(521)	(725)	(350)
General and administrative expenses	(1,336)	(614)	(3,100)	(1,401)	(5,902)	(2,844)	(7,588)	(3,913)	(3,078)	(1,617)	(3,534)	(1,707)
Other operating expenses	(1,673)	(769)	(7,206)	(3,256)	(2)	(1)	(637)	(329)	(39)	(20)	(2,659)	(1,284)
Operating profits	24,683	11,347	65,794	29,725	127,055	61,228	206,493	106,488	96,976	50,932	124,339	60,042
Finance costs	(32)	(15)	(475)	(215)	(558)	(269)	(260)	(134)	(54)	(28)	(369)	(178)
PBT	24,651	11,332	65,319	29,510	126,497	60,959	206,233	106,354	96,922	50,904	123,970	59,864
Taxation	(9,116)	(4,191)	(23,270)	(10,513)	(31,587)	(15,222)	(52,601)	(27,126)	(24,632)	(12,937)	(31,285)	(15,108)
PAT	15,535	7,141	42,049	18,997	94,910	45,737	153,632	79,228	72,290	37,967	92,685	44,756
Other comprehensive income for the year/ period – Fair value adjustment ^(b)	-	-	-	-	-	-	8,237	4,248	-	-	-	-
Total comprehensive income for the year/ period	15,535	7,141	42,049	18,997	94,910	45,737	161,869	83,476	72,290	37,967	92,685	44,756
PAT attributable to:-												
- Equity holders of Sozo	15,535	7,141	42,049	18,997	94,910	45,737	153,632	79,228	72,290	37,967	92,685	44,756
- Minority interest	-	-	-	-	-	-	-	-	-	-	-	-
Number of Shares in issue ^(c)	412,620	412,620	412,620	412,620	412,620	412,620	412,620	412,620	412,620	412,620	412,620	412,620
Gross EPS (RMB cents/ sen) ^(d)	5.97	2.75	15.83	7.15	30.66	14.77	49.98	25.78	^(d) 46.98	^(d) 24.67	^(d) 60.09	^(d) 29.02
Net EPS (RMB cents/ sen) ^(d)	3.76	1.73	10.19	4.60	23.00	11.08	37.23	19.20	^(d) 35.04	^(d) 18.40	^(d) 44.93	^(d) 21.69
- Basic	3.76	1.73	10.19	4.60	23.00	11.08	37.23	19.20	^(d) 35.04	^(d) 18.40	^(d) 44.93	^(d) 21.69
- Diluted ^(d)												

1. INFORMATION SUMMARY (CONT'D)

	Audited											
	FYE 2006		FYE 2007		FYE 2008		FYE 2009		FYE 2009		FPE 2010	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
EBITDA	26,661	12,257	68,385	30,895	129,793	62,547	210,309	108,456	98,841	51,912	126,672	61,169
Interest expense	32	15	475	215	558	269	260	134	54	28	369	178
Interest income	95	44	98	44	260	125	381	196	-	-	470	227
Depreciation	1,892	870	2,263	1,022	2,410	1,161	3,489	1,799	1,702	894	2,170	1,048
Amortisation	86	40	328	148	328	158	327	169	163	86	163	79
GP margin (%)	22.30	22.30	34.20	34.20	32.00	32.00	35.21	35.21	35.16	35.16	32.97	32.97
PBT margin (%)	19.51	19.51	29.88	29.88	30.47	30.47	33.88	33.88	34.05	34.05	31.58	31.58
PAT margin (%)	12.30	12.30	19.23	19.23	22.86	22.86	25.24	25.24	25.40	25.40	23.61	23.61

Notes:-

- (a) For the purpose of this Prospectus, the statements of financial position and statements of comprehensive income were translated using the closing and average exchange rates for the respective financial years/ periods as summarised below:-
- | Average rate
Closing rate | FYE 2006 | | FYE 2007 | | FYE 2008 | | FYE 2009 | | FPE 2010 | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | RMB1: RM0.4597 | RMB1: RM0.4511 | RMB1: RM0.4518 | RMB1: RM0.4534 | RMB1: RM0.4819 | RMB1: RM0.5084 | RMB1: RM0.5157 | RMB1: RM0.5252 | RMB1: RM0.4829 | RMB1: RM0.4772 |
| | | | | | | | | | | |
- (b) Fair value adjustment on interest free loan from shareholders as disclosed in Section 7.1.1 of this Prospectus. Further details of the fair value adjustment is as disclosed in Note 21 of the audited combined financial statements of our Group as attached hereto in Appendix VI of this Prospectus.
- (c) Based on the issued and paid-up share capital of 412,620,000 Shares after the Subdivision and Conversion.
- (d) Annualised to twelve (12) months for comparison purposes.
- (e) Based on the PBT and the number of Shares in issue.
- (f) Based on the PAT attributable to equity holders of Sozo and the number of Shares in issue.
- (g) There were no potential dilutive Shares in issue during the financial years/ periods under review.

Our proforma combined statements of comprehensive income are extracted from our audited combined financial statements for FYE 2006 to FYE 2009, FPE 2009 and FPE 2010, which have been prepared in accordance with International Financial Reporting Standards and after incorporating adjustments that are appropriate for the preparation of the proforma combined financial information.

Further information on the proforma combined statements of comprehensive income is set out in Section 8.7 of this Prospectus.

1. INFORMATION SUMMARY (CONT'D)

1.5.2 Proforma Combined Statements of Financial Position as at 30 June 2010

The following information is extracted from the proforma combined statements of financial position set out in Section 8.7 of this Prospectus and should be read in conjunction with the accompanying notes and assumptions included thereto.

	Audited as at 30.06.2010		Proforma I		Proforma II	
			After Subdivision and Conversion		After Proforma I, Public Issue and Utilisation of Proceeds	
			RMB'000	RM'000	RMB'000	RM'000
<u>Non-Current Assets</u>						
Property, plant and equipment	57,920	27,639	57,920	27,639	120,787	57,639
Construction in progress	7,237	3,453	7,237	3,453	7,237	3,453
Intangible assets	14,011	6,686	14,011	6,686	14,011	6,686
	79,168	37,778	79,168	37,778	142,035	67,778
<u>Current Assets</u>						
Inventories	10,253	4,893	10,253	4,893	10,253	4,893
Trade receivables	85,053	40,587	85,053	40,587	85,053	40,587
Other receivables	16,568	7,906	16,568	7,906	2,292	1,094
Cash and cash equivalents	372,631	177,820	372,631	177,820	395,926	188,936
	484,505	231,206	484,505	231,206	493,524	235,510
TOTAL ASSETS	563,673	268,984	563,673	268,984	635,559	303,288
<u>Capital and Reserves</u>						
Share capital	152	68	77,683	37,066	149,569	71,370
Reserves	48,637	23,686	48,637	23,686	48,637	23,686
Retained earnings	334,817	165,682	334,817	165,682	334,817	165,682
Translation reserves	-	(6,380)	-	(6,380)	-	(6,380)
Total Equity	383,606	183,056	461,137	220,054	533,023	254,358
<u>Non-Current Liabilities</u>						
Borrowings	12,789	6,103	12,789	6,103	12,789	6,103
<u>Current Liabilities</u>						
Trade payables	53,691	25,621	53,691	25,621	53,691	25,621
Other payables	17,763	8,477	17,763	8,477	17,763	8,477
Income tax liabilities	18,293	8,729	18,293	8,729	18,293	8,729
Borrowings	77,531	36,998	-	-	-	-
	167,278	79,825	89,747	42,827	89,747	42,827
Total Liabilities	180,067	85,928	102,536	48,930	102,536	48,930
TOTAL EQUITY AND LIABILITIES	563,673	268,984	563,673	268,984	635,559	303,288
Number of Shares in issue ('000)	300,000	300,000	412,620	412,620	468,000	468,000
NTA	369,595	176,370	447,126	213,368	519,012	247,672
NTA per Share (RMB/ RM)	1.23	0.59	1.08	0.52	1.11	0.53
NA	383,606	183,056	461,137	220,054	533,023	254,358
NA per Share (RMB/ RM)	1.28	0.61	1.12	0.53	1.14	0.54

1.6 AUDITORS' QUALIFICATION

None of the financial statements of the companies within our Group for FYE 2006, FYE 2007, FYE 2008, FYE 2009 and FPE 2010 were subjected to any audit qualification.

2. PARTICULARS OF THE IPO

This Prospectus is dated 1 December 2010. The IPO is subject to the terms and conditions of this Prospectus.

A copy of this Prospectus has been registered with the SC and lodged with the ROC who takes no responsibility for its contents.

The approval of the SC for the IPO, as set out in Section 6 of this Prospectus, shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.

Bursa Securities has resolved to approve our admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, vide its letter dated 22 September 2010. Listing of and quotation for our Shares will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment and allocation information for the crediting of the IPO Shares, and receipt of an undertaking that all notices of allotment will be issued and despatched to all successful applicants prior to the date of listing of and quotation for the Shares, failing which any allotment and allocation made on an application to subscribe for and/or purchase of our Shares pursuant to this Prospectus are required to be treated under Malaysian law as void.

The acceptance of Applications for the IPO Shares is conditional upon permission being granted by Bursa Securities for the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the Main Market of Bursa Securities. Accordingly, all monies paid in respect of any Application accepted will be returned without interest to the applicants if the aforesaid permission is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by Bursa Securities within the aforesaid timeframe. If such monies are not repaid within fourteen (14) days after we become liable to do so, the provision of sub-Section 243(2) of the CMSA shall apply accordingly.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. In consequence thereof, our Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Central Depositories Act and the Rules. We will not issue any share certificates to successful applicants.

Person(s) submitting Application(s) by way of Application Form or by way of Electronic Share Application or Internet Share Application must have a CDS Account. If you do not have a CDS Account, you may open one (1) by contacting any of the ADAs listed in Section 14.10 of this Prospectus. In the case of an Application by way of Application Form, an applicant should state his CDS Account number in the space provided in the Application Form. In the case of an Application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS Account can make an Application. A corporation or institution cannot apply to subscribe for and/or purchase of the IPO Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, at least 25% of our total number of Shares for which listing is sought must be held by at least 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing. In the event that the above requirement is not met, we may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

2. PARTICULARS OF THE IPO (CONT'D)

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of our merit or the merit of our Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus that arise from the date of issue of this Prospectus up to the date of Listing, we shall issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of the IPO Shares are subject to Malaysian laws and the Company and the Offerors, together with the Adviser, Managing Underwriter, Underwriter and Sole Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of the IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for and/or purchase the IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are in doubt concerning this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

If you intend to have a detailed review of the relevant laws and regulations of Singapore or China, or a detailed explanation on the comparability and/or discrepancy of the relevant laws and regulations between that of Singapore and/or China, and that of Malaysia, you are recommended to seek independent legal advice from experts of the respective jurisdictions.

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2. PARTICULARS OF THE IPO (CONT'D)

2.1 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (i) to raise funds for our Group's ongoing business expansion, including the setting up of a modern poultry farming and breeding, and processing facilities, the setting up of a third production plant and corporate headquarters building in the PRC and the construction of Halal food processing facility in Malaysia, which are envisaged to further enhance our Group's ability to capitalise on new market opportunities;
- (ii) to enable our Group to gain recognition and certain stature in the PRC, Malaysia and internationally through the listing status, which could further enhance our corporate reputation and assist our Group in growing our market share in the food processing industry;
- (iii) to provide avenue for our Group to gain access to the capital markets for cost effective fund raising in the future; and
- (iv) to provide an opportunity for investors to tap into the PRC market via participation in our Group's equity and continuing growth.

2.2 DETAILS OF THE IPO

We (for ourselves and on behalf of the Offerors) will undertake the Public Issue and Offer For Sale in conjunction with and as an integral part of our Listing, as follows:-

(i) Public Issue

Our Company will issue 55,380,000 new Shares at an issue price of RM0.80 per Share. The Public Issue Shares shall be payable in full on application upon the terms and conditions as set out in this Prospectus and will be allocated and allotted in the manner set out below:-

(a) The Malaysian Public via Balloting

24,495,000 Public Issue Shares representing approximately 5.23% of our enlarged issued and paid-up share capital to be allocated via balloting, will be made available for application by the Malaysian Public.

(b) Private Placement

30,885,000 Shares representing approximately 6.60% of our enlarged issued and paid-up share capital will be made available by way of private placement to selected investors.

All the new Shares to be issued pursuant to the Public Issue shall, upon allotment and issue, and when fully paid, rank *pari passu* in all respects with our existing issued and paid-up Shares, except that the Public Issue Shares will not be entitled to any dividends, rights, allotments or other distributions declared, made or paid prior to the date of allotment and issue of the Public Issue Shares.

There is no minimum subscription amount to be raised from the Public Issue.

2. PARTICULARS OF THE IPO (CONT'D)

(ii) Offer For Sale

Concurrent with the Public Issue, the Offerors will offer for sale 19,115,000 Shares at the offer price of RM0.80 per Share representing approximately 4.08% of our enlarged issued and paid-up share capital. Such Offer Shares will be made available by way of private placement to selected investors. Details of the Offerors are as set out below:-

No.	Offeror	Address	Relationship with Our Group	Shareholdings Before IPO ^(a)		Offer Shares			Shareholdings After IPO ^(b)	
				No. of Shares	%	No. of Shares	% Before IPO ^(a)	% After IPO ^(b)	No. of Shares	%
1.	Roscrea Investments Limited	Quastisky Building P.O. Box 4389, Road Town Tortola BVI	No relationship	20,968,802	5.08	4,618,703	1.12	0.99	16,350,099	3.49
2.	Elpis Wealth Management Pte Ltd	6, Pandan Valley #17-602 Singapore 597630	No relationship	7,863,302	1.91	1,629,800	0.39	0.35	6,233,502	1.33
3.	George Tiong Siy	7/F, Global Enterprise Bldg 138, HV Dela Costa St. Salcedo Village Makati City Philippines 1227	No relationship	1,965,825	0.48	407,450	0.10	0.09	1,558,375	0.33
4.	Jovenson Lim Ong	Room 502 Anita Building 1300 Quezon Avenue corner Timog Avenue Quezon City Philippines 1103	No relationship	1,965,825	0.48	407,450	0.10	0.09	1,558,375	0.33
5.	Janet Fong Wuan Yee	Blk 249 Bishan Street 22 #07-378 Singapore 570249	No relationship	1,310,550	0.32	271,633	0.07	0.06	1,038,917	0.23
6.	Tong Wai Mun	102, 20 th Avenue corner P Tuazon Cubao Quezon City Philippines 1109	No relationship	1,310,550	0.32	271,633	0.07	0.06	1,038,917	0.23
7.	Lai Wai Yin	26, Kim Tian Road #21-02 Singapore 169277	No relationship	1,310,550	0.32	271,633	0.07	0.06	1,038,917	0.23
8.	Bernard Chua Go	#32, Brighthill St. Quezon City Philippines	No relationship	982,913	0.24	203,725	0.05	0.04	779,188	0.17
9.	Ng Been Hwee	Blk 141, Marsiling Road, #04-2072 Singapore 730141	No relationship	720,803	0.17	149,398	0.04	0.03	571,405	0.12
10.	Eminence Capital Pte Ltd	69A, Frankel Avenue Singapore 458197	No relationship	^(c) 2,771,275	0.67	135,817	0.03	0.03	2,635,458	0.56
11.	Wan Kum Tho	76, Jalan Haji Alias Singapore 268558	No relationship	262,110	0.06	54,327	0.01	0.01	207,783	0.04

2. PARTICULARS OF THE IPO (CONT'D)

No.	Offeror	Address	Relationship with Our Group	Shareholdings Before IPO ^(a)		Offer Shares			Shareholdings After IPO ^(b)	
				No. of Shares	%	No. of Shares	% Before IPO ^(a)	% After IPO ^(b)	No. of Shares	%
12.	Lim Kwee Gee	72, Bayshore Road #28-15 Singapore 469988	No relationship	^(a) 9,265,087	2.24	1,098,823	0.26	0.23	8,166,264	1.74
13.	Strategic Capital Partners Pte. Ltd.	12, Prince Edward Road Bestway Building Podium B, #03-01 Singapore 079212	No relationship	2,950,787	0.72	1,222,351	0.29	0.26	1,728,436	0.37
14.	Yap Yoon Keong	No 29, Jalan 1/12 46000 Petaling Jaya Selangor, Malaysia	No relationship	593,760	0.14	271,633	0.07	0.06	322,127	0.07
15.	Pok Yoke Kung	No 41, 1 st Floor Jalan 52/18 New Town Centre 46200 Petaling Jaya Selangor, Malaysia	No relationship	593,760	0.14	271,633	0.07	0.06	322,127	0.07
16.	Ong Soo Boon	219, Rangoon Road Singapore 218458	No relationship	1,484,400	0.36	679,083	0.16	0.14	805,317	0.17
17.	Heng Hock Keng	33, Amber Garden 17-06 Singapore 439968	No relationship	593,760	0.14	271,633	0.07	0.06	322,127	0.07
18.	Resource Hardware & Trading Pte. Ltd.	58, Sungei Kadut Drive Singapore 729572	No relationship	1,187,520	0.29	543,267	0.13	0.12	644,253	0.14
19.	Lee Ying Kiat	23, Faber Crescent Singapore 129470	No relationship	593,760	0.14	271,633	0.07	0.06	322,127	0.07
20.	Tan Poh Thong	Blk 556, Choa Chu Kang North 6, #07-10 Singapore 680556	No relationship	296,880	0.07	135,817	0.03	0.03	161,063	0.03
21.	Ayako Kira	Apartment 4, Macklin House 1-7, Macklin Street Covent Garden London, WC2B 5NH United Kingdom	No relationship	742,200	0.18	339,542	0.08	0.07	402,658	0.09
22.	Yong Sooi Seong	282, Jalan Air Itam 11400 Penang Malaysia	No relationship	262,307	0.06	120,000	0.03	0.02	142,307	0.03
23.	Strategic Advisory Services Pte. Ltd.	12, Prince Edward Road, #03-01 Podium B Bestway Building Singapore 079212	No relationship	5,937,601	1.44	2,716,332	0.66	0.58	3,221,269	0.69
24.	Yap Soo Ching	8, Jalan SS1/12 47300 Petaling Jaya Selangor, Malaysia	No relationship	466,323	0.11	213,333	0.05	0.04	252,990	0.05
25.	Lee Kim Tow	1405, Desa Kudalari Lorong Kuda 50450 Kuala Lumpur Malaysia	No relationship	475,008	0.12	217,307	0.05	0.05	257,701	0.06

2. PARTICULARS OF THE IPO (CONT'D)

No.	Offeror	Address	Relationship with Our Group	Shareholdings Before IPO ^(a)		Offer Shares			Shareholdings After IPO ^(b)	
				No. of Shares	%	No. of Shares	% Before IPO ^(a)	% After IPO ^(b)	No. of Shares	%
26.	Tan Roy Soon	112A, Jalan Loyang Off Jalan Teluk Pulai 41100 Klang Selangor, Malaysia	No relationship	971,506	0.24	444,444	0.11	0.09	527,062	0.11
27.	Ng Yew	112A, Jalan Loyang Off Jalan Teluk Pulai 41100 Klang Selangor, Malaysia	No relationship	242,876	0.06	111,111	0.03	0.02	131,765	0.03
28.	Lee Yok Khon @ Lee Kua	41, Jalan Tiga Taman Eng Ann 41150 Klang Selangor, Malaysia	No relationship	728,629	0.18	333,333	0.08	0.07	395,296	0.08
29.	Mah Siew Hoe	48, Jalan Eksekutif U1/6 Glenmarid Court 40150 Shah Alam Selangor, Malaysia	No relationship	1,214,382	0.29	555,556	0.13	0.12	658,826	0.14
30.	Lim Chee Pin	Block 651 Woodlands Ring Road, #11-462 Singapore 730651	No relationship	^(c) 4,696,129	1.14	333,333	0.08	0.07	4,362,796	0.93
31.	Suraj Singh Gill	No. 7, Jalan Desa Perdana 2 Danau Villa Taman Danau Desa 58100 Kuala Lumpur Malaysia	No relationship	1,187,520	0.29	543,267	0.13	0.12	644,253	0.14
Total				75,916,700	18.40	19,115,000	4.63	4.08	56,801,700	12.14

Notes:-

- (a) Based on our issued and paid-up share capital of 412,620,000 Shares after the Subdivision, Conversion and Transfer.
- (b) Based on our enlarged issued and paid-up share capital of 468,000,000 Shares after the IPO.
- (c) Inclusive of 2,116,000 Shares, 6,612,500 Shares and 3,967,500 Shares transferred to Eminence Capital Pte Ltd, Lim Kwee Gee and Lim Chee Pin respectively pursuant to the Transfer. Please refer to Section 4.2(iii) of this Prospectus for further details.

(iii) Underwriting and Allocation of the IPO Shares

All the 24,495,000 Public Issue Shares available for application by the Malaysian Public under Section 2.2(i)(a) of this Prospectus have been fully underwritten.

50,000,000 Shares to be allocated by way of private placement to selected investors under Sections 2.2(i)(b) and 2.2(ii) of this Prospectus are not underwritten as irrevocable undertakings have been obtained from the selected investors to take up the IPO Shares available under private placement.

2. PARTICULARS OF THE IPO (CONT'D)

The allocations of the IPO Shares shall take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public spread requirements of Bursa Securities and to establish a liquid and adequate market for our Company's Shares.

In the event of an under-subscription of the IPO Shares by the Malaysian Public, the unsubscribed IPO Shares will be made available to selected investors via private placement and vice versa.

The IPO Shares which are not taken up by the relevant categories of persons will be made available for application by persons in other categories. Thereafter, any remaining IPO Shares that are not subscribed for will then be subscribed by the Underwriters based on the terms of the Underwriting Agreement.

2.3 DILUTION

Dilution is the amount by which the IPO Price to be paid by the applicants for our Shares under the IPO exceeds our proforma combined NA per Share after the IPO. The proforma combined NA as at 30 June 2010 based on our issued and paid-up share capital of 412,620,000 Shares before adjusting for the effects of the Public Issue and utilisation of proceeds is approximately RM0.53 per Share.

Pursuant to the Public Issue of 55,380,000 new Shares at the IPO Price of RM0.80 per Share and after adjusting for the effects of the utilisation of proceeds, the proforma combined NA of our Group as at 30 June 2010 would increase to approximately RM0.54 per Share based on our enlarged issued and paid-up capital of 468,000,000 Shares after the IPO. This represents an immediate increase in adjusted NA of approximately RM0.01 per Share to our existing shareholders and dilution of approximately RM0.26 per Share, representing approximately 32.50%, of immediate dilution to our new investors. The following table illustrates such dilution on a per Share basis:-

	RM
IPO Price	0.80
Proforma combined NA per Share as at 30 June 2010 before the IPO	0.53
Increase in proforma combined NA per Share contributed by new investors	0.01
Proforma combined NA per Share after the IPO	0.54
Dilution per Share to new investors	0.26

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2. PARTICULARS OF THE IPO (CONT'D)

The following table summarises the total number of Shares acquired and the total consideration paid by our substantial shareholders, Directors and key management or persons connected including those by the new investors pursuant to the IPO during the past three (3) years prior to the date of this Prospectus:-

	Date	No. of Shares Acquired	No. of Shares Subdivided/ Converted	No. of Shares After Acquisition/ Conversion	Consideration		Average Price Per Share (RM)
		('000)	('000)	('000)	(SGD'000)	(RM'000)	
Hengbao Foodstuffs	25.09.2009	3,000	-	-	30	*74	0.02
Hengbao Foodstuffs	03.02.2010	-	300,000	300,000	-	-	-
Agro Treasures	08.09.2010	-	48,805	48,805	8,323	20,500	0.42
<u>New Investors</u>							
- Public Issue	N/A	-	-	55,380	N/A	44,304	0.80
- Offer For Sale	N/A	-	-	19,115	N/A	15,292	0.80

Note:-

* Based on the closing exchange rate of SGD1: RM2.4507 as at 25 September 2009, being the date of the share transfer.

2.4 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price is RM0.80 per Share. The price was determined and agreed upon by our Company and AmInvestment Bank as the Adviser, Managing Underwriter, Underwriter and Sole Placement Agent based on various factors which include:-

- (i) our Group's operating and financial history and position as outlined in Section 4 and Section 8 respectively of this Prospectus;
- (ii) our competitive strengths and advantages as listed in Section 4.6 of this Prospectus;
- (iii) our future plans, strategies and prospects as set out in Section 4.21 of this Prospectus;
- (iv) our net EPS of approximately 32.83 RMB cents (equivalent to approximately 16.93 sen) per Share for FYE 2009 and annualised net EPS of approximately 39.61 RMB cents (equivalent to approximately 19.13 sen) per Share for FPE 2010, based on our enlarged issued and paid-up share capital of 468,000,000 Shares upon Listing; and
- (v) our proforma combined NA as at 30 June 2010 of approximately RMB1.14 (equivalent to approximately RM0.54) per Share, based on our enlarged issued and paid-up share capital of 468,000,000 Shares upon Listing and after the utilisation of proceeds as set out in Section 2.6 of this Prospectus.

Our Directors and the Offerors are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, you should note that the market price of our Shares upon listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties which may affect the price of the Shares when they are traded.

2. PARTICULARS OF THE IPO (CONT'D)

You should bear in mind the risk factors as set out in Section 3 of this Prospectus and form your own views on the valuation of the IPO Shares and the reasonableness of the bases used before deciding to invest in our Shares.

2.5 SHARE CAPITAL

As at the date of this Prospectus, our issued and paid-up share capital is SGD15,392,015 comprising 412,620,000 Shares.

Upon the allotment and issue of the Public Issue Shares pursuant to our IPO, our enlarged issued and paid-up share capital will be SGD29,719,376 comprising up to 468,000,000 Shares as follows:-

	No. of Shares	Share Capital (SGD)
Existing issued and paid-up share capital	412,620,000	15,392,015
New Shares to be issued pursuant to the Public Issue	55,380,000	*14,327,361
Enlarged issued and paid-up share capital upon Listing	468,000,000	29,719,376
Offer For Sale	19,115,000	
IPO Price per Share	RM0.80	
Market Capitalisation (based on the IPO Price and our enlarged issued and paid-up share capital)	RM374,400,000	

Note:-

* Translated based on the closing exchange rate of SGD1.00: RM2.3943 as at LPD after the set-off of estimated listing expenses. The actual amount of issued and paid-up share capital in SGD will differ based on the exchange rate prevailing on the actual date of the issuance of the Shares.

As at the date of this Prospectus, our Company has only one (1) class of shares, being ordinary shares, all of which rank *pari passu* with one another. The Public Issue Shares will rank *pari passu* in all respects with the other existing shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attached to any shares which our Company may issue in the future, the holders of Shares in our Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions, and in respect of any surplus in the event of the liquidation of our Company, in accordance with our Articles of Association.

At every general meeting, each member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative (in the case of a member who is a corporation). On a show of hands, every person who is a member or proxy or attorney or representative of a member shall have one (1) vote; and on a poll, every member present in person or by proxy or attorney or representative shall have one (1) vote for each Share he holds. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.

2. PARTICULARS OF THE IPO (CONT'D)

2.6 UTILISATION OF PROCEEDS

In summary, the gross proceeds of RM44,304,000 which will accrue to our Company from the Public Issue are proposed to be utilised in the following manner:-

	Estimated Amount Required	Financed Via			Expected Utilisation Period After Our Listing	
		* IPO Proceeds		Internally Generated Funds		
		RM'000	RM'000	%		RM'000
(i)	Setting up of a modern poultry farming and breeding facility		5,000	11.29	10,000	Within 24 months
	• Acquisition of land	10,000				
	• Factory construction costs	3,500				
	• Acquisition of plant and machinery	1,500				
		15,000				
(ii)	Setting up of a modern poultry processing facility		5,000	11.29	10,000	Within 24 months
	• Acquisition of land	2,500				
	• Factory construction costs	6,000				
	• Acquisition of plant and machinery	6,500				
		15,000				
(iii)	Setting up of a third production plant and corporate headquarters building in PRC		15,000	33.86	25,000	Within 24 months
	• Factory construction costs	22,500				
	• Acquisition of plant and machinery	17,500				
		40,000				
(iv)	Construction of Halal food processing facility in Malaysia		5,000	11.29	10,000	Within 24 months
	• Acquisition of land	5,000				
	• Factory construction costs	5,000				
	• Acquisition of plant and machinery	5,000				
		15,000				
(v)	Working capital		4,304	9.70	-	Within 12 months
(vi)	Estimated listing expenses		10,000	22.57	-	Within 6 months
	Total		44,304	100.00	55,000	

Note:-

* The proceeds will be placed in licensed financial institutions until eventual utilisation.

(i) Setting Up of A Modern Poultry Farming and Breeding Facility

We intend to utilise RM5.0 million of the IPO proceeds to expand our operations to include poultry farming and breeding, in particular, duck farming to enhance our Group's competitiveness and to ensure that we will continue to have access to stable supplies of high quality key raw materials.

Please refer to Section 4.21.1(i) of this Prospectus for further details.

(ii) Setting Up of A Modern Poultry Processing Facility

In line with our plans to set up a modern poultry farming and breeding facility, we intend to utilise RM5.0 million of the IPO proceeds to set up a modern poultry processing facility which will have a built-in area of approximately 18,000 square metres and capable of processing up to 10 million ducks per annum.

Please refer to Section 4.21.1(ii) of this Prospectus for further details.

2. PARTICULARS OF THE IPO (CONT'D)

(iii) Setting Up of A Third Production Plant and Corporate Headquarters Building in PRC

We intend to utilise RM15.0 million of the IPO proceeds to expand our production capacity with the construction of our third production plant and corporate headquarters building adjacent to our second production plant. Our third production plant will have the same built-in areas and layout as our second production plant and will be dedicated to the production of RTS Food, in particular, duck RTS Food products.

Upon completion of the aforementioned expansion, our annual production capacity will be increased from approximately 38,880 tonnes to approximately 56,160 tonnes.

Please refer to Section 4.21.1(iii) of this Prospectus for further details.

(iv) Construction of Halal Food Processing Facility in Malaysia

We intend to utilise RM5.0 million of the IPO proceeds to construct a Halal food processing facility in Malaysia. Our Group has identified and is currently evaluating Port Klang Free Zone or Iskandar Malaysia as a potential location for the future plant. Our Directors believe that the construction of a Halal food processing facility in Malaysia will enhance our Group's Halal food products in the global Halal food market.

Please refer to Section 4.21.1(vi) of this Prospectus for further details.

(v) Working Capital

Our requirement for working capital will increase in tandem with our expected business growth. The IPO proceeds of approximately RM4.30 million is expected to enhance our cash flow position and enable us to conduct our operations smoothly as we expect to utilise the additional working capital to finance our day-to-day operations, including the payment to creditors, payment of salaries and operating expenses, and purchase of raw materials/stocks.

(vi) Estimated Listing Expenses

The estimated listing expenses for our Listing are as follows:-

Estimated Listing Expenses	Amount (RM'000)
Fees to authorities	500
Professional fees ^(a)	5,000
Placement, underwriting and brokerage fees	2,000
Printing, advertising and other expenses in relation to Listing	1,000
Other miscellaneous expenses ^(b)	1,500
Total	^(c)10,000

Notes:-

- (a) Include fees for, amongst others, the Adviser, Solicitors, Auditors, Reporting Accountants, Independent Market Researcher and Issuing House.
- (b) Other incidental or related expenses in connection with the IPO.
- (c) Any unutilised amount shall be used for our working capital purposes.

2. PARTICULARS OF THE IPO (CONT'D)

We will bear all expenses and fees incidental to the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, which include underwriting commission, placement fees, brokerage, professional fees, authorities' fees, advertising and other fees. The aggregate expenses are estimated to be approximately RM10.0 million.

The Offer For Sale is expected to raise gross proceeds of approximately RM15.29 million. This amount shall accrue entirely to the Offerors and no part of the proceeds is receivable by our Company. The Offerors shall bear all expenses such as brokerage, stamp duty, registration and share transfer fees relating to the Offer Shares estimated to be approximately RM0.50 million.

2.7 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

Our utilisation of the proceeds from the IPO is expected to have a financial impact on our Group as follows:-

(i) Increased Production Capacity

Part of our proceeds is intended to be allocated towards the expansion of our production capacity via the construction of a third production plant, including, without limitation the purchase of new machineries and equipment. Once our expansion is completed, we expect our increased production capacity to contribute positively towards our revenue and profits.

(ii) Enhancement of Working Capital

We will utilise approximately RM4.30 million of the IPO proceeds for our working capital requirements, which includes payment to creditors, payment of salaries and operating expenses, and purchase of raw materials/ stocks. Our cash and cash equivalent balance will be increased to approximately RM188.94 million after the Listing (as detailed in Section 1.5.2 of this Prospectus). This will allow us to internally fund our daily operational activities without being dependent on external funding, whilst giving us the flexibility to pursue acquisition, investment and/or joint venture opportunities.

2.8 UNDERWRITING COMMISSION, PLACEMENT FEE AND BROKERAGE

(i) Placement Fee

We will pay the Sole Placement Agent a placement fee at the rate of 3.25% of the value of the Public Issue Shares reserved for private placement under Section 2.2(i)(b) of this Prospectus (being the number of Public Issue Shares reserved for private placement multiplied by the IPO Price) to be placed out successfully by our Sole Placement Agent.

The Offerors will pay the placement fee to be incurred on the sale of the Offer Shares under Section 2.2(ii) of this Prospectus at the rate of 3.25% of the value of the Offer Shares reserved for private placement (being the number of Offer Shares reserved for private placement multiplied by the IPO Price) to be placed out successfully by our Sole Placement Agent.

2. PARTICULARS OF THE IPO (CONT'D)

(ii) Underwriting Commission

We will pay the Underwriters as mentioned in Corporate Directory Section of this Prospectus an underwriting commission at the rate of 3.25% of the value of the total underwritten Public Issue Shares made available for application by the Malaysian public under Section 2.2(i)(a) of this Prospectus (being the number of underwritten Public Issue Shares multiplied by the IPO Price).

(iii) Brokerage Fee

We will pay the brokerage fee to be incurred on the sale of the 24,495,000 Public Issue Shares at the rate of 1.0% of the value of the Public Issue Shares in respect of successful applications by the Malaysian public under Section 2.2(i)(a) of this Prospectus (being the number of Public Issue Shares reserved for Malaysian public multiplied by the IPO Price) which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or MIH.

2.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The salient clauses of the Underwriting Agreement, which may allow the Underwriters to withdraw its obligations under the Underwriting Agreement after the IPO, as extracted from the Underwriting Agreement are set out below.

Unless otherwise stated, all capitalised items herein shall bear the same meanings as prescribed in the Underwriting Agreement.

"4. CONDITIONS PRECEDENT

- (1) *Unless waived by the Managing Underwriter, after consultation with and approval of the Underwriters, (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the underwriting obligations and commitment of the Underwriters under this Agreement shall be subject to and conditional upon the following:-*
- (a) *this Agreement having been duly executed by all the parties hereto and duly stamped;*
 - (b) *the Listing Exercise and the Public Issue having been approved by the SC and the other relevant authorities, if applicable, and as well as the shareholders of the Company in general meeting;*
 - (c) *the admission of the Company to the Official List of the Stock Exchange and the listing and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Market of the Stock Exchange having been unconditionally approved-in-principle by the Stock Exchange or subject only to conditions which are acceptable to the Managing Underwriter and such approval not having been withdrawn, and the Managing Underwriter being satisfied that such listing and quotation shall be granted within two (2) clear Market Days after an application for quotation is made to the Stock Exchange;*

2. PARTICULARS OF THE IPO (CONT'D)

- (d) *the Prospectus being in form and substance satisfactory to the Managing Underwriter;*
- (e) *the Prospectus having been registered with the SC and lodged with the CCM within two (2) months from the date of this Agreement, or within such other period as the Managing Underwriter may agree;*
- (f) *there shall not have occurred, on or prior to the Closing Date, in the opinion of the Managing Underwriter (whose opinion is final and binding) any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue or the occurrence of any event rendering untrue, inaccurate or incorrect in any material respect any of the representations or warranties contained in Clause 5(1) hereof;*
- (g) *there shall not have occurred, on or prior to the Closing Date, in the opinion of the Managing Underwriter (whose opinion is final and binding) any material breach of and or failure to perform any of the undertakings contained in Clause 5(1) hereof;*
- (h) *the Managing Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 19 hereof;*
- (i) *the Managing Underwriter having been satisfied that the Listing Exercise and the Public Issue are not prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia, Singapore and/or the PRC;*
- (j) *the Managing Underwriter having been satisfied that all requisite approvals and consents required for and in relation to the Listing Exercise and the Public Issue have been obtained from the relevant authorities in Malaysia, Singapore and/or the PRC and are in full force and effect;*
- (k) *the delivery of the following documents to the Managing Underwriter on or before the Closing Date:-*
 - (i) *such reports and confirmations dated the Closing Date from the board of directors of the Company as the Managing Underwriter may reasonably require to confirm that there has not been any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Listing Exercise and the Public Issue; and*

2. PARTICULARS OF THE IPO (CONT'D)

- (ii) *a certificate, in the form or substantially in the form contained in the Third Schedule hereto, dated the Closing Date signed by a duly authorised officer of the Company stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 4(k)(i) above;*
- (l) *the Managing Underwriter receiving a copy duly certified by a director or secretary of the Company to be a true copy of a resolution of the Board of Directors of the Company approving the Listing Exercise, the Prospectus and this Agreement, the issue and offer of the Public Issue Shares and authorising a person or persons to sign this Agreement on behalf of the Company;*
- (m) *the Prospectus having been issued within two (2) months from the date hereof or within such extended period as may be consented to by the Managing Underwriter;*
- (n) *the Managing Underwriter having been satisfied that the Company has in relation to the issue and offer of the Public Issue Shares complied with and is in compliance with all policies, guidelines and requirements of the relevant authorities of Malaysia and of any other jurisdiction in which the Public Issue Shares are offered and has complied with all conditions imposed by such authorities;*
- (o) *the Managing Underwriter having been satisfied that the Company has duly completed the Subdivision, the Conversion and the Transfer (respectively defined in the Prospectus) prior to the issuance of the Prospectus; and*
- (p) *the Managing Underwriter having been satisfied that the Company has received the duly executed letters of undertaking from placees (in form and substance acceptable to the Managing Underwriter) irrevocably undertaking to subscribe for the 30,885,000 Public Issue Shares placed out to investors under the Private Placement and for the 19,115,000 Shares under the Offer for Sale (defined in the Prospectus).*

14. TERMINATION

- (1) *Subject to Clause 14(2) below but notwithstanding any other provision herein contained, the Managing Underwriter may, after consultation with and approval of the Underwriters, by notice in writing to the Company given at any time before the completion of the Listing Exercise, terminate and cancel and withdraw the commitment of the Underwriters to underwrite the Underwritten Shares if:-*
 - (a) *any of the conditions precedent set out in Clause 4 hereof are not duly satisfied by the Closing Date; or*

2. PARTICULARS OF THE IPO (CONT'D)

- (b) *there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clause 5(1) hereof, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Managing Underwriter and the Underwriters within ten (10) Market Days from the date the Company is notified by the Managing Underwriter of such breach; or*
- (c) *there is failure on the part of the Company to perform in any material respect any of its obligations herein contained; or*
- (d) *there is withholding of information by the Company which, in the opinion of the Managing Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of the Group, the success of the Listing Exercise, the Public Issue, or the distribution or sale of the Public Issue Shares; or*
- (e) *the approval-in-principle of the Stock Exchange for the listing and quotation of its entire issued and paid-up share capital on the Stock Exchange is withdrawn; or*
- (f) *in the opinion of the Managing Underwriter, there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or*
- (g) *a petition is presented or an order is made or a resolution is passed for the winding up or judicial management of any company within the Group; or*
- (h) *an administrator or judicial manager or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of any company within the Group; or*
- (i) *any company within the Group becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; or*
- (j) *any company within the Group ceases or threatens to cease to carry on the whole or any substantial part of its business; or*
- (k) *there shall have occurred, or happened any of the following circumstances:-*
 - (i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (including but not limited to conditions on the stock market in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing; or*

2. PARTICULARS OF THE IPO (CONT'D)

- (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (or any of them) (including without limitation, acts of God, national disorder, declaration of a state of national emergency, pandemics, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents),*

which has or could be expected to have in the opinion of the Managing Underwriter, an adverse or prejudicial effect on the business or operations of any company within the Group and/or the Group as a whole and/or the success of the Listing Exercise, the Public Issue or the distribution or sale of the Public Issue Shares, or which has or is reasonably likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

- (2) *In the event that this Agreement is terminated pursuant to Clause 14(1)(f), the Managing Underwriter, the Underwriters and the Company may confer with a view to deferring the Public Issue by amending its terms or the terms of this Agreement and may enter into a new underwriting agreement accordingly, but neither the Managing Underwriter, any Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.*

36. FORCE MAJEURE

- (1) *Notwithstanding anything herein contained, the Managing Underwriter may, after consultation with and approval of the Underwriters, at any time before the completion of the Listing Exercise, by notice in writing delivered to the Company terminate the obligations of the Underwriters under this Agreement and/or request for the Closing Date to be extended to such reasonable date as the Underwriter may decide, upon the occurrence of the following events:-*
- (i) *changes in national or international monetary, financial, political, economic or stock market conditions or exchange control or currency exchange rates or interest rates or otherwise as would in the reasonable opinion of the Managing Underwriter prejudice materially and adversely the success of the Listing Exercise, the Public Issue and the listing and quotation of the Public Issue Shares;*
- (ii) *national disorder, outbreak of war, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting, labour disputes, any unavailability of transportation or severe economic dislocation, outbreak of disease, declaration of pandemic, Act of God or the declaration of a state of national emergency;*
- (iii) *material changes in law, regulation, directive, policy or ruling in any jurisdiction which may seriously affect the business of the Group;*
- (iv) *the Kuala Lumpur Composite Index falling below 850 points and remaining below 850 points for three (3) consecutive days; or*

2. PARTICULARS OF THE IPO (CONT'D)

- (v) *the imposition of any moratorium, suspension, or material restriction on trading in all securities generally on the Stock Exchange for three (3) Market Days;*
- and thereupon the parties shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 19 above incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder.*
- (2) *In the event of a delivery of a request for the Closing Date to be extended by the Managing Underwriter to the Company, the Company shall consent to such request for the extension of the Closing Date.*
- (3) *The delivery of a request under Clause 36(2) shall not preclude the Managing Underwriter from giving a further request for the extension of the Closing Date or from giving a notice to terminate pursuant to Clause 36(1).*

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3. RISK FACTORS

In evaluating an investment in the IPO Shares, you should carefully consider all information contained in this Prospectus including but not limited to the following general and specific risks.

3.1 RISKS IN RESPECT OF OUR GROUP'S OPERATIONS AND FINANCIAL PERFORMANCE

3.1.1 Our Operations May Be Affected Should We Fail to Comply With the Conditions Stipulated in Our Licences or Permits, or in the Event Any of Our Licences or Approvals Are Revoked, Not Renewed or Not Extended

We are required to obtain various licences and permits such as hygiene permits and registration certificates in order to carry on the business of food production, processing and export. In the event any of these licences and permits are revoked, not renewed or not extended, our business operations will be adversely affected.

In particular, we have received the Hygiene Registration Certificate, ISO 9001:2008 and the ISO 22000:2005 Food Safety Management System Certificate for our operations. Companies engaged in the production of food products in the PRC are required to obtain the Hygiene Registration Certificate.

Our food products are required to meet the standards prescribed in the countries that they are exported to. For example, the ISO 22000:2005 Food Safety Management System Certificate is required for the export of some of our food products to certain countries. In addition, we have received export certifications from the authorities of the countries which we export our products such as Japan, USA and Korea for the export of RTS Food products. Such certifications have to be renewed every year. In the event any of the Hygiene Registration Certificate, ISO 9001:2008, ISO 22000:2005 Food Safety Management System Certificate or export certifications is revoked, not renewed or not extended, we may not be able to export some of our food products to certain countries and this will adversely affect our results or operations. In addition, our customers may lose confidence in us and we may face a decline in the number of orders for our products.

3.1.2 An Increase in the Price or Shortage of Raw Materials Will Lead to Increase in the Costs and May Erode Our Profitability and Thus Affect Our Financial Performance

Our Group relies on the continuous supply of raw materials such as poultry, meat and vegetables at reasonable prices.

The market prices of these raw materials may fluctuate due to changes in supply and demand conditions. As our Group does not enter into long-term purchase contracts with all of our raw material suppliers, any sudden shortage of supply (such as due to avian flu or epidemics in the animal farms) or reduction of allocation of such raw materials to us from our suppliers (such as our contract farms decreasing or ceasing their supply to us), may adversely affect our operations or result in us having to pay a higher cost for our raw materials.

In the event of any significant increase in the costs of our raw materials and we are unable to pass on such increase in costs to our customers on a timely basis or find a cheaper source of supply, our profit margins will be adversely affected. Hence, any significant change to the supply and price of raw materials may adversely affect our Group's operations and profitability.

3. RISK FACTORS (CONT'D)

Our business will also be adversely affected if we are not able to secure, on a timely basis, adequate supplies of raw materials at a competitive cost for our production. Additionally, there is no assurance that we will not experience any significant price fluctuation or shortage in the supply of our raw materials.

In view of our close working relationships with our Group's suppliers, our Board is of the opinion that our Group will be able to continually source raw materials at competitive prices. Further, as we are located in Shandong Province, which is the largest poultry production base in the PRC and one of the largest agricultural provinces of the PRC, our Group has the flexibility to engage other suppliers located at close proximity should the need arise.

3.1.3 We Are Dependent on Our Established Distribution Networks and Their Ability to Maintain and Expand Their Distribution Channels

Sales of our products, both within the PRC as well as in overseas countries, are conducted mainly through our established network of distributors which we have built up over the years. Hence, we are dependent on our relationships with our network of distributors to effectively market and sell our products as well as to expand the reach of our products geographically. Should we fail to maintain a close working relationship with our distributors or should the distributors are unable to maintain and expand their distribution channels, our operations and financial performance will be adversely affected. Please refer to Section 4.11 of this Prospectus for further details.

3.1.4 Competition

Our Group operates in China's RTS Food industry which is highly competitive and fragmented, with industry players ranging from small to very large industry players. Larger industry players include major national food manufacturers whose operations are diversified among various provinces of the PRC. Smaller industry players are scattered among the PRC's agricultural provinces, producing and selling RTS Food in small amount. All these players may also be involved in the production of other fresh or processed foods, with RTS Food representing only a fraction of their total output. Given that the RTS Food industry in the PRC is only at the growth stage, it is expected to become increasingly fragmented moving forward as the number of industry players proliferate at an increasing rate.

In the event that we do not succeed in retaining existing customers and attracting new customers, our market share and/or growth in market share will be adversely affected. Increased competition may also force us to lower our prices, thus reducing our profit margins and affecting our business and financial performance.

3.1.5 We Face the Risks of Food Contamination and Deterioration Which May Result in Complaints, Product Liability Claims from Customers and/or Negative Publicity

Food contamination and deterioration are risks inherent to all food industry participants. Given the nature of raw materials used in food production processes, in particular the contaminable and perishable nature, there is always the possibility of contamination and/or deterioration in raw materials and food products during the production process.

3. RISK FACTORS (CONT'D)

Any contamination or deterioration in our raw materials or products, whether through improper handling, malfunctioning of freezer facilities, delivery delays, outbreak of diseases, illegal tampering or otherwise, may result in our raw materials and products being found unsafe for production and consumption respectively. This may lead to delays in production or delivery of our products to our customers, a loss in revenue, costs incurred in the purchase of replacement raw ingredients and/or payment of compensation to our customers for delays, which in turn may materially and adversely affect our reputation, businesses and financial performance.

Currently we do not have any product liability insurance in respect of our products. In the event that consumers become ill after consuming our products due to food contamination or other reasons, we may be subjected to product liability claims or lawsuits by such customers. Such claims and lawsuits, regardless of their outcome, would give rise to negative publicity which could adversely affect our business. In addition, we could incur substantial costs in defending any such claim and our financial results may be adversely affected. In addition, our food industry permits and business licences may be revoked or not renewed by the authorities.

We are dependent on the goodwill of our reputation and the quality of our products for the continued growth of our business. Failure to consistently deliver quality products which are necessary to develop and maintain our reputation may materially and adversely affect our ability to retain our existing customers, secure new customers or develop new market segments, thereby hampering our future business growth. Besides, publication of reports linking health concerns to the type of products we sell may also generate negative publicity towards our Group and our products. Such negative publicity, regardless of its validity, may reduce the number of customers placing orders for our products. In such events, our reputation and consequently our business operations and financial performance will be adversely affected.

3.1.6 Our Operations May Be Affected in the Event That Any of the Countries to Which Our Products Are Exported Imposes a Ban on the Types of Food Products We Export or Imposes Stricter Standards on the Import of Food Products

In early 2008, it was reported by the Japanese media that at least 10 people in Japan had suffered stomach aches, vomiting or diarrhoea after eating dumplings that were made in China. This development has left a question mark on the integrity of the Chinese ready-to-serve foods. Nevertheless, the responses from the Chinese Government have been swift. Immediate investigations were carried out by China's quality watchdog, i.e. The General Administration of Quality Supervision, Inspection and Quarantine. The producers involved were ordered by the Chinese Government to immediately recall all their products in and on the way to Japan. In addition, the producers were also ordered to halt production and exports as a precautionary measure. The Chinese Government has been taking steps to address the poison dumpling issue and is constantly liaising and co-operating with its Japanese counterparts in the investigation process ("**Incidence**").

Our Group was not involved in the Incidence. However, in the event that any of our export countries imposes a ban on the types of food products that we export or impose stricter standards on the import of food types which we produce, our business and operational results will be affected.

3. RISK FACTORS (CONT'D)

3.1.7 Our Business is Dependent on Prompt Delivery and Quality Transportation of Our Raw Materials

Disruptions such as adverse weather conditions, natural disasters and labour strikes in places where our supplies of raw materials are sourced could lead to delay or lost of deliveries to our Group and may result in an interruption to our business. There may also be instances where the conditions of our food ingredients (such as fresh or frozen food products or processed foods) deteriorate due to delivery delays, malfunctioning of refrigeration facilities or poor handling during transportation by our logistics staff or suppliers. This may result in a failure of our Group to provide quality food and services to our customers, thereby damaging our reputation. Further, any increase in the cost of transportation (such as increases in fuel price) and/or freight charges may increase our operating expenses and affect our overall profitability.

3.1.8 Major Disruption in Our Production Facilities Could Disrupt Our Operations

Our production facilities, which are located at Ju County, Rizhao City in Shandong Province, are dependent on a continual supply of utilities such as electricity and water for our operations. For example, our cold storage facilities are wholly dependent on electricity supply. Any breakdown in the supply of utilities, fire or other calamities resulting in significant damage at any of these facilities (including damages to raw materials and finished products) would affect our production and the timely delivery of our products to our customers and accordingly have a material effect on our business, financial condition and operations.

While we maintain insurance policies covering our production facilities and inventories, we cannot assure you that our insurance would be sufficient to cover all our potential losses.

3.1.9 Suppliers May Provide Us with Genetically Modified Food Ingredients

The introduction of genetically modified food has been controversial and some consumers are adverse to the consumption of genetically modified food for various reasons, including environmental and health risks. In the event that our suppliers provide us with genetically modified food products without our knowledge, we may process and distribute food products derived from genetically modified ingredients to our customers. If it is subsequently discovered and publicised that our products are derived from genetically modified food, our customers may choose not to purchase our products or we may face restrictions in the export of our products to certain jurisdictions. This could materially and adversely affect our business and financial performance.

3.1.10 We Are Subject to Changes in Consumer Taste and Preferences, Dietary Habits or Discretionary Consumer Spending

Our continued growth and success depend, in part, on the popularity of our products and our ability to continuously satisfy consumers in terms of their food preferences, dietary habits and tastes. We believe that the demand of our products is highly dependent on consumer preferences, dietary habits and tastes, where any significant shifts or changes in consumer preferences may lead to a material adverse impact on our businesses and financial performance. Accordingly, we must be able to react effectively to changes in consumer food preferences, dietary habits and tastes by modifying existing products and/or developing new products.

3. RISK FACTORS (CONT'D)

We may not be able to anticipate and react quickly to changes in consumer preferences, dietary habits and tastes, and in the event that we are unable to develop new and innovative products or improve and enhance our product quality to cater to such changes, there may be a decrease in demand for our products. Any sustained decrease in demand for our products would have a material adverse impact on our businesses and financial performance.

In addition, our continued success depends, in general, on disposable consumer income which can affect discretionary consumer spending. Any changes in the market and economic conditions of the markets in which we export to, in particular, Japan and Korea, may affect consumers' disposable income and hence discretionary consumer spending. As such, adverse changes in these factors may adversely affect our business.

3.1.11 We Are Exposed to the Credit Risk of Our Customers and Defaults in Payment by Our Customers Will Adversely Affect Our Financial Position and Our Profitability

We are dependent on the credit worthiness of our customers. If any of our customers materially default on their payments, our financial position, operating cash flows and profitability could be adversely affected. Some of our customers could also experience cash flow difficulties or the possibility of liquidation and this in turn could lead to us experiencing long delays in our collection of payments. Our average trade receivables turnover for the last four (4) FYE 2006 to FYE 2009, FPE 2010 and up to LPD was between 30 days to 90 days.

Although there has been no material collection problem for trade receivables or bad debts in the last four (4) FYE 2006 to FYE 2009, FPE 2010 and up to LPD, there is no guarantee as to whether our customers will be able to fulfil their debt obligations in the future. Any inability on the part of our customers to pay or pay on time such amount due to us may have a material adverse impact on our financial performance and operating cash flow. Please refer to Section 8.4.10 of this Prospectus for more details on our credit management.

3.1.12 We Are Exposed to the Uncertain Global Economic Outlook

We will always be exposed to the uncertainties of the global economy. Any disruption in the global credit markets and general slowdown in the global economy may result in an increasingly difficult business environment with greater volatilities and tightening of the credit market. Demand for our products is significantly dependent on the spending trends of consumers which are in turn influenced by their income levels and the global economy. Accordingly, any disruption in the global credit markets and general slowdown in the global economy may stifle the demand for our products, thus adversely affecting our revenue and operational results. In addition, conditions in the capital markets could also adversely affect the invitation and limit or reduce the number of investors in our Shares, thereby adversely affecting the liquidity and potentially the price of our Shares.

3. RISK FACTORS (CONT'D)

3.1.13 We May Be Affected by An Outbreak of Communicable Diseases and Viruses

Any outbreak of diseases and/or epidemics in any of the raw materials used by our Group in our production or food scarcity in the market in which our products are manufactured could have an adverse impact on our business as it may result in interruption to our operations.

Duck RTS Food products is currently our Group's key focus. As ducks are livestock, they are susceptible to the risk of diseases such as Avian Influenza (commonly known as Bird Flu). As such, in the event that Avian Influenza and/or any other diseases afflict livestock in the PRC, in particularly duck in the Shandong Province, we will experience sudden shortage in the supplies of our duck meat which will then have an adverse impact on our productivity. The outbreak of such diseases in livestock such as duck may also affect consumers' confidence in duck meat and may lead to a decrease in demand for our duck RTS Food products, which would in turn, have an adverse impact on the revenue and profitability of our Group.

In the event of an outbreak of communicable diseases and viruses such as Severe Acute Respiratory Syndrome (SARS), Influenza A (H1N1) and Avian Influenza in any of our premises or manufacturing plants, our management and employees may be quarantined and we may be required by the relevant government authorities to suspend our operations until further notice. As a result, this may cause disruptions to our business and operations, which may have an adverse impact on our business and operations. Likewise, a disruption in the business and operations of our local distributors and suppliers through quarantines imposed on their management and employees, and suspension of their operations may have an adverse impact on our business and financial performance.

In addition, the outbreak of such infectious diseases in the PRC, if uncontrolled, may have an adverse effect on the overall business sentiments and environment of the PRC, which may in turn have an adverse impact on domestic consumption and possibly, the overall gross domestic product growth of the PRC. As we are expanding our business in the PRC market, any contraction or slow down in the growth of domestic consumption and the GDP growth of the PRC will adversely affect our business, financial condition, operational results and prospects.

3.1.14 We May Be Unable to Obtain Additional Capital for Future Expansion

The future expansion and development of our business require significant additional capital. Failure to raise the required capital in the future on acceptable terms, or at all, may limit our expansion and growth which, in turn, may affect our ability to compete.

If additional funds are raised through the issue of new Shares or convertible debt securities, the percentage shareholding of each of our shareholders will be reduced. Further, such new Shares or convertible debt securities may have rights, preferences or privileges senior to those of existing shareholders.

3. RISK FACTORS (CONT'D)

Additional debt financing, on the other hand, will increase our total interest expenses and may limit our ability to pay dividends as well as increase our vulnerability to general adverse economic and industry conditions. Debt financing will also require us to dedicate a substantial portion of our cash flow to the repayment of debt, thereby reducing the available cash flow to fund capital expenditure, working capital requirements and other general corporate purposes and limit our flexibility in planning for, or reacting to, changes in our business and industry. In the event that financing is needed and we are unable to obtain additional financing on acceptable terms or at all, our business, financial condition and operational results may be adversely affected.

3.1.15 We Cannot Assure You of the Success of Our Business Expansion or That We Will Be Able to Manage Our Business Expansion and Growth Effectively

We intend to expand our business by, inter alia, expanding our production capacities and our market presence and distribution channels in existing as well as new markets as outlined in Section 4.21.1(iv) of this Prospectus. Our expansion plans involve a number of risks, including but not limited to capital expenditures incurred in respect of the costs of setting up new production facilities, costs of working capital tied up in inventories, increased marketing and promotional expenses as well as other working capital requirements.

Whilst the expansion plans have been formulated after careful evaluation of market demand and opportunities, execution risks always exist at the point of implementation and as such, there is no assurance that we will be successful in increasing our market share or revenue through such business expansion. There is also no assurance that our Group's business expansion plans would be successfully implemented and if successfully implemented, they will contribute positively to our Group's profitability. Further, to manage any future growth of our operations and personnel resulting from our business expansion, we must improve and effectively utilise our existing operational, management, marketing and financial systems, and successfully recruit, hire, train and manage additional personnel. Our failure to manage our business expansion and growth may materially and adversely affect our business operations and financial performance.

Nevertheless, our Board endeavours to minimise such risks by closely monitoring the implementation process and by constantly evaluating market response to the plans undertaken.

3.1.16 We Are Subject to Environmental Regulations

In accordance with the Environmental Protection Law of the PRC promulgated by the Standing Committee of the National People's Congress on 26 December 1989, the Ministry of Environmental Protection of the PRC (formerly known as State General Administration of Environmental Protection of the State Council and State Administration of Environmental Protection of the State Council) sets the national guidelines for the discharge of pollutants. The provincial and municipal governments of provinces, autonomous regions and municipalities may also set their own guidelines for the discharge of pollutants within their own provinces or districts in the event that the national guidelines are inadequate.

3. RISK FACTORS (CONT'D)

We are required to comply with the environmental protection laws and regulations promulgated by the state and local governments of the PRC and the prescribed standards relating to the discharge of waste water, solid wastes, effluent and gases. These regulations empower local governments to impose penalties on those companies which do not comply with these laws and regulations. The nature of our business is such that waste water and materials are regularly discharged from our production processes.

We have installed necessary waste treatment facilities on our production facilities to treat such discharges. However, there can be no assurance that we will at all times be in full compliance with the laws and regulations promulgated by the state and local governments of the PRC. Any failure by us to discharge the waste generated from our production processes in accordance with the relevant laws and regulations could subject us to warnings, fines or other penalties imposed by the environmental protection administration or the relevant government department with power to conduct environmental supervision and management in the PRC. The amount of such fines to be imposed are at the discretion of the environmental protection administration or the relevant government department with power to conduct environmental supervision and management in the PRC, who will determine such amount by taking into account factors such as the extent and seriousness of the pollution. Should the environmental protection administration or the relevant government department with power to conduct environmental supervision and management in the PRC determine that the pollution caused is very severe, criminal penalties, such as a jail term, may also be imposed.

If our business operations result in environmental pollution, we will also be obliged to rectify the harm caused to the environment and pay compensation to the entity or individual that suffered direct losses as a result of the pollution. Further, should our production facilities fail to meet other applicable environmental protection requirements from time to time, we may be subjected to fines and be required to take remedial measures. This may have a negative effect on our business.

In addition to the above, the promulgation of any new environmental laws or regulations which require us to acquire equipment or incur additional capital expenditure would inevitably increase our costs of carrying on the business and affect the profitability and prospects of our business.

3.1.17 Our Group Relies on the Continued Employment and Performance of Our Executive Directors and Other Key Management Personnel

Our Board believes that our Group's continuing success depends, to a significant extent, upon the continued employment and performance of our Executive Directors and key management personnel. Our success to date has been largely attributable to the efforts and expertise of our Executive Directors and key management personnel. Our Executive Directors, Shen Hengbao and Meng Xiangzhen, who collectively have more than 45 years of experience in the F&B industry, are responsible for managing the operations of our Group and have been instrumental in formulating our business strategies and spearheading the growth of our business operations. Most of our key management personnel have more than ten (10) years of experience in the F&B industry. Please refer to Sections 5.1.2, 5.4.2 and 5.6.2 of this Prospectus for details on the qualifications and working experience of our Executive Directors and key management personnel. The loss of any Executive Director and key management personnel may adversely affect our Group's ability to achieve our Group's business objectives.

3. RISK FACTORS (CONT'D)

Our continued success is dependent on our ability to retain the services of our Executive Directors and key management personnel who are responsible for our day-to-day operations, implementation of the business strategy and corporate development. While our Executive Directors have entered into service agreements with our Company for three (3) years as set out in Section 5.10 of this Prospectus, we cannot be assured that they will not leave our Company after their contractual terms expire or resign by tendering the requisite period of written notice. Please refer to Section 5.10 of this Prospectus for details of the service agreements entered into between our Company and Shen Hengbao and Meng Xiangzhen. In the event that we lose the services of our Executive Directors and key management personnel, and are unable to find suitable replacements, our business operations and future growth will be adversely affected.

3.1.18 Our Insurance Coverage May Not Be Adequate for Our Operations

We are susceptible to various operational risks such as accidents, outbreaks of fire or floods, energy crisis or other natural calamities, which may cause significant losses or damage to our goods, production facilities, warehouse, office and hostel facilities, thus disrupting and affecting our business operations.

As we are aware of the adverse consequences arising from inadequate insurance coverage for accidents and outbreaks that could disrupt our business operations, we have taken up property insurance covering our factory premises, fixed assets and inventory. However, we do not maintain product liability insurance, business interruption insurance or third-party liability insurance against claims for personal injury and environmental liabilities.

Despite the above, there is no assurance that the insurance coverage taken up, where applicable, is sufficient to offset the potential financial losses arising from public liability, fire, theft and personal accidents. In the event that the amount of such claims exceed the insurance coverage of our insurance policies, we may be liable to cover the amounts claimed. If such events were to occur, our business and financial performance may be materially and adversely affected.

There are also other risks such as natural disasters, riots, general strikes, acts of terrorism and any other risks that cannot reasonably be insured against, which may adversely affect our operations. However, we wish to highlight that thus far, we have not experienced any of the above events.

3.1.19 Our Operations May Be Affected by Material Litigation, Claim or Arbitration

As at LPD, neither our Company nor our subsidiary, Rizhao Hengbao are engaged in any litigation or arbitration proceedings which has or may have material effects on our business or financial position, and our Company's Directors are not aware of any proceedings threatened or of any fact likely to give rise to any proceedings, which may materially affect our financial position or business.

However, there can be no assurance that there will be no proceedings in the future that could adversely affect the operations and profitability of our Group.

3. RISK FACTORS (CONT'D)

3.1.20 Control by Our Promoters

Upon our Listing, our Promoters, as set out in Section 5.1 of this Prospectus, will collectively hold at least approximately 57.09% of our enlarged issued and paid-up share capital. As a result, they will still be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as influence the outcome of certain matters requiring the vote of our shareholders unless our Promoters are required to abstain from voting by law and/or by the relevant guidelines or regulations.

Nevertheless, as a step towards good corporate governance, we have appointed four (4) Independent Directors and set up an Audit Committee to ensure that, inter alia, all future transactions involving related parties, if any, are entered into on an arm's-length basis, or normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not to the detriment of our minority shareholders.

3.2 RISKS RELATING TO OUR OPERATING SUBSIDIARY IN THE PRC

3.2.1 Our Business and Operations in the PRC Are Governed by the Legal System of the PRC and Introduction of New Laws and Regulations or Changes to the Existing Laws and Regulations May Have A Negative Effect on Our Business

Our business operations in the PRC are governed by the PRC legal system. The PRC legal system is a codified system comprising written laws, regulations, circulars, administrative directives and internal guidelines. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investments. As the PRC economy is developing at a faster pace than its legal system, some degree of uncertainty exists as to whether, and how, existing laws and regulations will apply to certain events or circumstances. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still at an experimental stage and are therefore subject to policy changes. There is no assurance that the introduction of new laws, changes to existing laws and the interpretation or application thereof or the delays in obtaining approvals from the relevant authorities will not have an adverse impact on our business or prospects.

Further, precedents on the interpretation, implementation and enforcement of PRC laws and regulations are currently limited and the decisions of the PRC courts do not bind the same in subsequent cases. As such, we cannot predict to a reasonable degree of certainty the outcome of any disputes which we may have with our customers and/or suppliers. Even in cases where judgements are granted in our favour, we may be unable to enforce them if the other party does not have the means to satisfy the judgement. In the event that we fail to obtain judgement or are unable to enforce judgments, we may not be able to recover the judgement debt, which we would have otherwise been entitled to. Accordingly, our business and financial performance may be affected.

3. RISK FACTORS (CONT'D)

On 8 August 2006, the Ministry of Commerce (“**MOC**”), China Securities Regulatory Commission (“**CSRC**”), SAFE and three (3) other PRC authorities promulgated Rules on the Mergers and Acquisitions of Domestic Enterprise by Foreign Investors (the “**New M&A Rules**”), which came into effect on 8 September 2006. The New M&A Rules apply to mergers and acquisitions of domestic enterprises (PRC companies with no foreign investment) by foreign investors. With respect to the acquisition and transfer of equity interests in FIEs (which includes Sino-foreign equity joint venture enterprises (“**EJVs**”), Sino-foreign cooperative joint venture enterprises (“**CJVs**”) and WFOEs), the generally applicable PRC regulations is the Regulations on the Change of Ownership of Foreign-invested Enterprises (外商投资企业投资者股权变更的若干规定) (the “**FIEs Equity Change Regulations**”), which was jointly promulgated by the State Administration for Industry and Commerce and the former Ministry of Foreign Trade and Economic Cooperation on 28 May 1997. The New M&A Rules will only apply to the acquisition and transfer of equity interest in FIEs where there are no applicable stipulations in the FIEs Equity Change Regulations relating to such acquisition and transfer of equity interests in FIEs.

Rizhao Hengbao was an EJV before conversion into a WFOE. Messrs Jincheng Tongda & Neal Law Firm, our Legal Adviser on PRC laws, has advised our Group and the controlling shareholders that the FIEs Equity Change Regulations apply to the conversion of Rizhao Hengbao into a WFOE and that save for approval from Shandong Provincial Department of Foreign Trade and Economic Cooperation (山东省对外贸易经济合作厅) and the registration with the Shandong Administration for Industry and Commerce (山东省工商行政管理局) as required by the FIEs Equity Change Regulations, no other approvals from the PRC legal and/or regulatory authorities are required. The approval from Shandong Provincial Department of Foreign Trade and Economic Cooperation was obtained on 3 June 2008 and the registration with the Shandong Administration for Industry and Commerce was made on 25 September 2009.

Our PRC Legal Adviser has also advised that our Group and the controlling shareholders are not required to obtain any approval from the PRC authorities under the laws and regulations of PRC for the pre-listing restructuring exercise, the IPO and our listing on Bursa Securities. Please refer to Appendix V of this Prospectus for the Legal Opinion from our Legal Adviser on PRC Laws on public offering of our Shares and the Listing, and other legal matters relating to our Company and our subsidiary, Rizhao Hengbao.

However, there is no assurance that the PRC authorities will not issue further directives, regulations, clarifications or implementation rules, which may require us to obtain further approvals with respect to our pre-listing restructuring exercise, the IPO and our listing on Bursa Securities.

3. RISK FACTORS (CONT'D)

3.2.2 The PRC's Foreign Exchange Control May Limit Our Ability to Utilise Our Revenue Effectively and Affect Our Ability to Receive Dividends and Other Payments from Our PRC Subsidiary, Rizhao Hengbao

Our PRC subsidiary, Rizhao Hengbao is a WFOE. In the PRC, FIEs which include WFOEs, are subject to the PRC rules and regulations on currency conversion. In the PRC, SAFE regulates the conversion of the RMB into foreign currencies. Currently, FIEs are required to apply to SAFE for "Foreign Exchange Registration Certificates for FIEs" (for which our relevant PRC subsidiary which is a FIE, Rizhao Hengbao, has obtained the same). With such registration certifications (which need to be examined annually), FIEs are allowed to open foreign currency accounts including the "current account" and "capital account". Currently, conversion within the scope of the "current account" (e.g. remittance of foreign currencies for payment of dividends, etc.) can be effected without requiring the approval of SAFE. However, conversion of currency in the "capital account" (e.g. for capital items such as direct investments, loans, securities, etc.) still requires the approval of SAFE.

The applicable law in respect of conversion of RMB into other currencies is the Regulation for Foreign Exchange Controls of the PRC (中华人民共和国外汇管理条例) ("**Regulation**") which came into effect on 1 April 1996. Under the Regulation:-

- (a) Conversion of RMB into foreign currencies for the use of recurring items, including the distribution of dividends and profits to foreign investors of FIEs is permissible and the approval of SAFE is not required and FIEs are permitted to remit foreign currencies from their foreign currency bank accounts in the PRC upon presentation to the banks of board resolutions which authorise the distribution of profits or dividends and subject to other requirements being satisfied.
- (b) However, conversion of RMB into foreign currencies for capital items, such as repatriation of capital, repayment of loans and for securities investment, is still under control and needs the approval of SAFE.

Pursuant to the amendment of 5 August 2008 by the State Council of the PRC, the Regulations on Management of Foreign Exchange of the PRC ("**Revised Regulation**") simplified the procedure for administrative examination and approval in relation to foreign direct investment. The Revised Regulation provides that the foreign exchange income of a domestic institution or individual may be transferred back into the territory of PRC or deposited overseas instead of the compulsory exchange settlement stipulated by the original Regulation.

However, there is no assurance that the PRC regulatory authorities will not impose further restrictions on the convertibility of the RMB. As all our revenue is derived from our PRC subsidiary and these revenues are mainly denominated in RMB, any future restriction on currency exchanges may limit the ability of our PRC subsidiary to repatriate such revenues to our Company in the form of dividend income or otherwise.

Further, as our Company is an investment holding company with no business operations, in the absence of such dividend income from our PRC subsidiary, our Company will not be able to distribute dividends to shareholders even if our Group, on a consolidated basis, is profitable.

3. RISK FACTORS (CONT'D)

3.2.3 Changes to PRC Tax Laws and Regulations May Adversely Impact Our Profitability

Our subsidiary, Rizhao Hengbao is currently subject to relevant tax laws, regulations and policies. Since the PRC's legal system are still in the refinement and adjustment process, any negative tax policy involving FIEs may consequently have a material impact on Rizhao Hengbao in the PRC or a material adverse impact on our Group's financial performance.

3.2.4 Increases in Labour Costs and Other Costs of Production in China

Labour costs in PRC have been increasing recently. If labour costs in China continue to increase, this will translate to proportional increases in production and administrative costs. If we are unable to identify and employ other appropriate means to reduce costs of production, our operational results could be materially and adversely affected.

3.2.5 Exchange Rate Fluctuation

The value of the RMB against foreign currency is subject to changes in the PRC Government's policies and international economic and political developments. Under the unified floating exchange rate system, the conversion of RMB into foreign currencies, has been based on rates set by the People's Bank of China (the "PBOC"), which have generally been stable.

However, the PRC Government reformed the exchange rate regime on 21 July 2005 by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. On 23 September 2006, the PRC Government widened the daily trading band for RMB against non-US dollar currencies from 1.5% to 3.0% to improve the flexibility of the new foreign exchange system.

There has been pressure from foreign countries for PRC to adopt a more flexible currency system that could lead to further appreciation of the RMB. The RMB may be revalued further against foreign currencies or may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the RMB against foreign currencies.

Since our revenue and profit are denominated in RMB, any depreciation of RMB would materially and adversely affect our financial position and the value of, and any dividends payable on, our Shares in foreign currency terms, as well as our ability to serve any of our foreign currency obligations. Also, any appreciation of RMB may result in funds raised by our Company in RM, when converted into RMB, being less than that required by our Group for our future plans and strategies as disclosed in section 4.21 of this Prospectus.

3.2.6 New Labour Laws in China

On 29 June 2007, the PRC government promulgated a new labour law, namely the Labour Contract Law of the PRC (the "**New Labour Law**"), which became effective on 1 January 2008. The New Labour Law imposes greater liabilities on employers and significantly impacts the cost of an employer's decision to reduce its workforce. Further, it requires certain terminations to be based upon seniority and not merit.

3. RISK FACTORS (CONT'D)

If we decide to significantly change or decrease our workforce in China, the New Labour Law could materially and adversely affect our ability to enact such changes in a manner that is most advantageous to our circumstances or in a timely and cost effective manner, thus our results of operations could be materially and adversely affected. We also could incur additional material compliance costs in connection with the New Labour Law.

3.2.7 Dependence on China's Political, Economic, Regulatory and Social Conditions

Changes in political, economic and regulatory conditions in China could materially and/or adversely affect our financial performance and business prospects. These political, economic and regulatory uncertainties include, but are not limited to, changes in political leadership, expropriation, nationalisation, renegotiation or nullification of existing contracts, changes in interest rates or tax, fluctuation in foreign exchange rates, inflation, risks of war, riots and economic declines. Terrorist attacks, other acts of violence and outbreak of avian influenza and/or other communicable diseases (as detailed in Section 3.1.13 of this Prospectus), if uncontrolled, may have adverse effects on business sentiments and the markets in which we operate and/or where our customers have a presence. In addition, we may face difficulties in procuring a stable supply of raw materials and delivering products to our customers in a timely and cost-effective manner.

While we practice prudent financial management and efficient operating procedures, there is no assurance that the foregoing and other developments, which are unpredictable, unforeseeable and beyond our control, will not materially affect our operations and financial results.

As all our production facilities are located within China and all our revenue is derived from China (as at LPD), our business and future growth are dependent on China's political, economic, regulatory and social conditions. Any changes in policies implemented by China's government, which results in currency and interest rate fluctuation, capital restrictions and changes in duties and taxes or other changes detrimental to our business, could materially and adversely affect our operations, financial performance and/or future growth.

Since 1978, China's government has been reforming and is expected to continue to reform the rules and regulations governing its economic and political systems. Any changes in China's political and economic policies may lead to a change in China's laws and regulations or the interpretation of the same, as well as changes in foreign exchange regulations, taxation and import and export restrictions. In turn, this may adversely affect our co-operation and dealings with our business associates. While the current policy of China's government seems to be one of pursuing economic liberalisation policies to encourage investments and greater economic decentralisation, there is no assurance that such a policy will continue to prevail in the future.

3. RISK FACTORS (CONT'D)

In addition, China's legal system is a codified legal system made up of written laws, regulations, circulars, administrative directives and internal guidelines as well as judicial interpretations. Unlike common law jurisdictions such as Malaysia, decided cases do not form part of the legal structure of China and thus have no binding effect. As such, the administration of China's laws and regulations may be subjected to a certain degree of discretion by the authorities. This has resulted in the outcome of dispute resolutions not having the level of consistency or predictability as in other countries with more developed legal systems. As our business and operations in China (including that of our customers and suppliers), are subject to the laws and regulations promulgated by the Chinese government, we may be adversely affected by subjective applications of laws and regulations that may be unfavourable to our business and operations in China (including that of our customers and suppliers).

Furthermore, in line with China's transformation from a centrally-planned economy to a free-market-oriented economy, China's government is still in the process of developing a comprehensive set of laws and regulations. As the legal system of China is still evolving, laws and regulations or the interpretation of the same may be subjected to change.

Our Group seeks to minimise the effects of these risks by keeping abreast with current political, economic and regulatory conditions, and optimally adapting our Group's business operations in response to any change in the conditions.

3.2.8 Our Subsidiary, Operations and Significant Assets Are Located in the PRC. Shareholders May Find It Difficult to Enforce a Malaysia Judgment Against the Assets of Our Company, Our Executive Directors and Key Management Personnel

Our subsidiary's operations and significant assets are located in the PRC. In addition, most of our key management personnel and all of our Executive Directors are non-residents of Malaysia, and substantially all their assets are located outside Malaysia. As a result, it could be difficult for investors to commence any action/ effect service of process in Malaysia, or to enforce a judgment obtained in Malaysia against us or any of these persons.

3.3 RISKS RELATING TO OUR COMPANY BEING INCORPORATED IN SINGAPORE

3.3.1 Rights and Protection Accorded to Our Shareholders

We are incorporated in Singapore and are subject to the Singapore Companies Act. The Malaysian Companies Act may provide shareholders of Malaysia incorporated companies with certain rights and protection of which there may be no corresponding or similar provisions under the Singapore Companies Act. As such, if you invest in our Shares, you may or may not be accorded the same level of shareholder rights and protection that a shareholder of a Malaysia incorporated company would be accorded under the Malaysian Companies Act.

3. RISK FACTORS (CONT'D)

We have set out in Section 12.2 of this Prospectus, a summary of our Articles of Association and the Table in Section 13 of this Prospectus, a summary of certain provisions of the Malaysian Companies Act and the Singapore Companies Act with respect to shareholders and minority interest protection. Each of the summaries is not intended to be and does not constitute legal advice and any person wishing to have advice on the differences between the Singapore Companies Act and the Malaysian Companies Act and/or the laws of any other jurisdiction is advised to seek independent legal advice. Copy of our Memorandum and Articles of Association is available for inspection at such place and time set out in Section 12.10 of this Prospectus.

In addition, as at LPD, all our Executive Directors are non-residents of Malaysia, and substantially all their assets are located outside Malaysia. As a result, it could be difficult for investors to commence any action/ effect service of process in Malaysia, or to enforce a judgment obtained in Malaysia against us or any of our Executive Directors. Therefore, our shareholders may have difficulty in protecting their interests in the case of actions against our Directors or management, as compared to shareholders of a corporation incorporated in Malaysia.

3.3.2 Recognising Depositors as Our Shareholders

Under the Singapore Companies Act, only persons whose names are entered in the register of members of a company will be recognised as members of the company and are entitled to exercise any of the rights of membership (including the rights to attend and vote at general meetings) and are subject to the liabilities of a member.

Upon our Listing, our Shares will be registered in the name of Bursa Depository or its nominees and held by Bursa Depository for and on behalf of persons who maintain securities account with Bursa Depository ("**Depositors**"). The share certificate in respect of any deposited security shall be issued in the name of, and delivered to, Bursa Depository as a bare trustee for the Depositor whose name appears in the Record of Depositors, as maintained by Bursa Depository, in respect of the deposited security. No share certificate will be issued to the Depositor. As such, under the Singapore Companies Act, Bursa Depository itself, and not the Depositors named in the Record of Depositors, will be treated as a member of our Company. In this regard, there is a risk that the Depositors may not be recognised as members of our Company and hence may not be able to rely on the relevant provisions relating to members in the Singapore Companies Act.

To enable the Depositors to be accorded the full rights of membership, Article 10A of our Articles of Association provides that a Depositor whose name appears in the Record of Depositors in respect of securities of our Company which have been deposited with Bursa Depository shall be entitled to the number of securities stated in the Record of Depositors and all rights (including voting and other rights), benefits, powers and privileges, and be subjected to all liabilities, duties and obligations in respect of, or arising from, such securities as if such Depositor is a member holding such securities. Notwithstanding that Bursa Depository is named in the register as a member holding such securities, Bursa Depository shall not be entitled to any rights (including voting and other rights), benefits, powers and privileges in respect of, or arising from, such securities and nor shall Bursa Depository be subjected to any liabilities, duties and obligations in respect of, or arising from, such securities.

3. RISK FACTORS (CONT'D)

Therefore, based solely on the application of Article 10A of our Articles of Association, the Depositors shall be treated as members of our Company as if the Articles of Association had been signed and sealed by them and therefore are entitled to exercise the full rights of membership and are subject to the liabilities of a member. Investors are advised to take note that the applicability and enforceability of these provisions have not been legally tested in the courts of either Singapore or Malaysia.

Rule 28.01(1) of the Rules provides that subject to the requirements and conditions stated therein, a Depositor may request the withdrawal of deposited securities from the Bursa Depository in the circumstances stated therein or in any other circumstances determined by the Bursa Depository from time to time, after consultation with the SC. Depositors should be aware that if they request for a withdrawal of their securities from Bursa Depository under Rule 28.01(1) of the Rules, the withdrawn securities cannot be traded on Bursa Securities. Further as stated above, by Article 10A of our Articles of Association, Depositors shall be treated as members of our Company as if the Articles of Association had been signed and sealed by them and therefore entitled to exercise the full rights of membership but the applicability and enforceability of such provision has not been legally tested in the courts of either Singapore or Malaysia. Therefore, a Depositor wishing to request for a withdrawal of his securities from Bursa Depository under Rule 28.01(1) should be aware that there is no assurance that he will be entitled to exercise the full rights of a registered member in relation to any acts and/or omissions of our Company occurring during the period in which he was a Depositor and not a registered member of the Company per se.

3.3.3 Different Take-over Codes in Malaysia and Singapore May Affect the Regulation of Our Company

As we are a Singapore incorporated company, we are subject to the Singapore Companies Act and the Singapore Code on Take-overs and Mergers ("**Singapore Take-overs Code**"). The Singapore Take-overs Code is non-statutory in that it does not have the force of law. Further, Section 139(8) of the Securities and Futures Act of Singapore provides that failure of any party concerned in a take-over offer or a matter connected therewith to observe any of the provisions of the Singapore Take-overs Code shall not of itself render that party liable to criminal proceedings. However, failure of any party to observe any of the provisions of the Singapore Take-overs Code may, in any civil or criminal proceedings, be relied upon by any party to the proceedings as tending to establish or to negate any liability which is in question in the proceedings.

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3. RISK FACTORS (CONT'D)

In view of our Listing in Malaysia, the Securities Industry Council of Singapore ("SIC"), via its letter dated 5 January 2010, has granted our Company waiver of the application of the Singapore Take-overs Code in respect of our Company ("Waiver"), subject to the following conditions:-

- (a) that we are able to state clearly in this Prospectus that our Company is subject to the Malaysian Take-overs Code and not the Singapore Take-overs Code;
- (b) that our Company remains listed in Malaysia; and
- (c) that our Company consults SIC on the application of the Singapore Take-overs Code if it should seek a listing in Singapore.

We have also in view of our Listing in Malaysia and by our Articles of Association, adopted the provisions of Division 2 of Part VI of the CMSA (save and except for Sections 222 to 225) and the Malaysian Code on Take-overs and Mergers 1998 ("**Malaysian Take-overs Code**"). As provided in Article 178A of our Articles of Association, Division 2 of Part VI of the CMSA (save and except for Sections 222 to 225 thereof), the Malaysian Take-overs Code and the Listing Requirements shall apply, mutatis mutandis, to all take-over offers for our Company, and our Company and all offerors shall observe and comply with and shall be subjected to the provisions and requirements of Division 2 of Part VI of the CMSA (save and except for Sections 222 to 225 thereof), the Malaysian Take-overs Code and the Listing Requirements for so long as our Company is listed on the Main Market of Bursa Securities.

Notwithstanding the above, in the event that the Waiver is revoked for whatsoever reason, we may be subjected to the Singapore Take-overs Code by virtue of our status of incorporation under Singapore laws, as well as the Malaysian Take-overs Code, by virtue of the provisions in our Articles of Association. In the absence of the Waiver and as provided in our Articles of Association, we shall use our best endeavour to comply with the stricter of the parallel provisions of the two (2) codes.

Further, although we have not adopted Sections 222 to 225 of the CMSA which deal with compulsory acquisitions and rights of minority shareholders in relation to take-overs under the Malaysian Take-overs Code, our Company remains to be subjected to and governed by the Singapore Companies Act in relation to compulsory acquisition of our Shares. As such, any compulsory acquisition of our Shares will be carried out in accordance with the provisions of the Singapore Companies Act.

3. RISK FACTORS (CONT'D)

3.4 RISKS IN RESPECT OF THE IPO

3.4.1 Payment of Dividend

We are a holding company incorporated in Singapore and we operate our core business through our subsidiary in PRC. Therefore, the availability of funds to us to pay dividends or make other distributions to our shareholders depends upon dividends or other distributions received from our subsidiary in the PRC as follows:-

- (i) if our subsidiary incur debts or losses, such indebtedness or losses may impair its ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including International Financial Reporting Standards. PRC laws also require foreign invested enterprises to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities or other agreements that we or our subsidiary may enter into in the future may also restrict the ability of our subsidiary to make contributions to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our shareholders.

Our ability to pay dividends or make other distributions to our shareholders is also subject to the future financial performance and cash flow position of our Group. There is no assurance that we will be able to distribute dividends to our shareholders as a result of the abovementioned factors. Accordingly, our historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by us in the future. There is also no assurance that we will be able to record profits and have sufficient funds above our funding requirements, other obligations and business plans to declare dividends to our shareholders. Please refer to Section 8.6 of this Prospectus for details on our dividend policy.

- (ii) In addition, our Shares will be quoted in Ringgit Malaysia on the Official List of the Bursa Securities. Dividends (if any) in respect of our Shares may be paid in Ringgit Malaysia. Fluctuation in the exchange rate between the Ringgit Malaysia, Singapore dollar and the PRC Renminbi and other currencies will affect, amongst other things, the foreign currency value of the proceeds which our shareholders would receive upon sale in Malaysia of our Shares and the foreign currency value of dividend distributions.

3. RISK FACTORS (CONT'D)

3.4.2 Capital Restrictions on Funds Raised in Malaysia

Funds raised from any future fund raisings may be subjected to capital-control regulations that restrict the outflow of funds raised in Malaysia. Consequently, our ability to use proceeds from future fund raisings may be impeded. Any delays on repatriation of our IPO proceeds and/or any delays or restrictions on repatriation of any funds from future fund raisings in Malaysia may materially affect the implementation of our future expansion plans and our ability to effectively raise funds in Malaysia in the future. In turn, our future business growth and financial performance may be materially affected as a result.

3.4.3 Our Shares Are Subject to Capital Market Risks, which Could Result in the Value of Your Investment in Our Shares to Decline

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses, and the flows of foreign funds. Sentiments are also driven by internal factors such as the political and economic conditions of the country. These factors invariably contribute to the volatility of the local bourse. Our Shares upon listing on Bursa Securities will be subjected to the vagaries of the capital market. Nevertheless, please note that our Group's profitability is not dependent on, and has no direct correlation with the performance of Bursa Securities or the traded prices of our Shares.

The market price of our Shares may fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:-

- (a) variations in our operating results;
- (b) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (c) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Malaysia;
- (d) announcements by us of significant acquisitions, strategic alliances or joint ventures;
- (e) fluctuation in stock market prices and trading volume;
- (f) our involvement in material litigation;
- (g) additions or departures of key personnel;
- (h) success or failure of our management in implementing business and growth strategies; and
- (i) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors.

3. RISK FACTORS (CONT'D)

3.4.4 There May Be a Delay in Our Listing or the Listing May Be Aborted

The occurrence of inter alia, any one or more of the following events (which may not be exhaustive) may cause a delay in the listing of our Company or the listing to be aborted:-

- (a) the Underwriters exercising its rights pursuant to the Underwriting Agreement discharging itself from its obligations thereunder; or
- (b) our Company is unable to meet the public spread requirements, whereby at least 25% of the total number of Shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each, at the point of listing of our Company.

Nevertheless, our Directors will endeavour to ensure compliance with the various listing requirements for the successful listing of our Company on Bursa Securities.

3.4.5 There is No Prior Market for Our Shares and an Active Market for Our Shares May Not Develop

Prior to our Listing, there has been no public market for our Shares. There is no assurance that upon listing an active market for our Shares will develop, or, if developed, that such a market will be sustained.

The IPO Price has been determined after taking into consideration the factors as set out in Section 2.4 of this Prospectus. There can be no assurance that the IPO Price will correspond to the price at which our Shares will be traded on the Main Market of Bursa Securities upon or subsequent to our Listing.

3.4.6 Disclosure Regarding Forward-Looking Statements

Certain statements in this Prospectus are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on our Directors' estimates and assumptions, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty that our plans and objectives will be achieved.

4. INFORMATION ON OUR GROUP

4.1 GROUP OVERVIEW

4.1.1 Background Information on Our Group

Our Company was incorporated in Singapore under the Singapore Companies Act on 12 June 2006 as a private limited company under the name of Sozo Energy Capital Pte. Ltd. On 6 October 2006, we changed our name to Sozo Global Pte. Ltd. On 16 October 2009, our Company was registered in Malaysia as a foreign company under the name of Sozo Global Pte. Ltd. On 27 October 2009, we were converted into a public limited company and on 30 October 2009, we were registered in Malaysia under our present name.

Our principal activity is investment holding whilst our subsidiary is a one-stop gourmet convenient food specialist. We are the largest manufacturer of cooked duck meat products for export purposes in Shandong Province, the PRC, with fully integrated operations and extensive production facilities, capable of providing complete solutions to our customers, starting from initial product development, raw material sourcing and selection, pilot trials, full-scale manufacturing and final packaging and shipping to customers' chosen destinations. Our current range of products totalled more than 1,000 types and is approved for export to countries like Japan, USA and Korea. Our products are targeted mainly at the modern households which generally have one or more of the following key characteristics:-

- Comprises all or majority working members;
- Small family size;
- High disposable income;
- Health conscious;
- High quality lifestyle expectations; and
- Favours convenience.

Our Group's products are marketed under our customers' brands and under our own brand, "Geleifu" (Green Food), "Hengbao Food" and "The Four Seasons Farm". Our products under "Hengbao Food", "The Four Seasons Farm" and "Geleifu" brands contribute approximately 2.30% of our Group's total revenue for FPE 2010 (please refer to Section 8.3.1(i)(d) of this Prospectus for the revenue analysis by OEM and our own brand products). Under our OEM segment, our Group currently supply our products to reputable names which include, but not limited to, Nomura Trading Co. Ltd. (日本野村貿易株式会社) and Sansei Boeki Co. Ltd. (日本山青貿易株式会社).

Our two (2) manufacturing facilities are strategically located at Ju County, Rizhao City, Shandong Province, which is at close proximity to major PRC ports, namely Qingdao port, Huangdao port, Rizhao port and Lianyungang port. Shandong Province is one of the largest agricultural provinces of the PRC and in view of its rich and abundant agricultural resources, is widely known as the "Southern Kitchen of China". Our manufacturing facilities occupies a total land area of approximately 105,097 square metres with a total built-up area of approximately 28,068 square metres and as at LPD, we employ 1,784 employees.

To ensure the highest level of quality service for our customers, we segment our products into four (4) categories, namely RTS Food, frozen vegetables, canned food and others such as VF Snacks and asparagus tea products.

4. INFORMATION ON OUR GROUP (CONT'D)

4.1.2 Share Capital and Changes in Share Capital

As at the date of this Prospectus, our issued and paid-up share capital is SGD15,392,015 comprising 412,620,000 Shares.

The changes in our issued and paid-up share capital for the past three (3) years up to LPD were as follows:-

Date of Allotment	No. of Shares Allotted	Consideration	Cumulative Issued and Paid-Up Share Capital	
			(No. of Shares)	(SGD)
Ordinary Shares				
07.01.2008	20,000	Cash	30,000	30,000
06.02.2008	-	Subdivision of every 1 Share into 100 Shares	3,000,000	30,000
03.02.2010	-	Subdivision	300,000,000	30,000
08.09.2010	112,620,000	Conversion ^(b)	412,620,000	15,392,015
Preference Shares ^(a)				
24.09.2009	507,511,165	Cash	507,511,165	5,075,112
19.10.2009	324,807,146	Cash	324,807,146	8,323,183
08.09.2010	-	Conversion ^(b)	-	-

Notes:-

(a) Pertaining to the RCCPS.

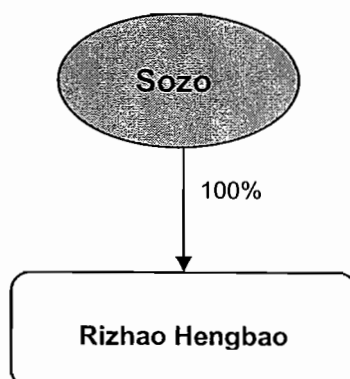
(b) All the RCCPS has been converted into ordinary shares in Sozo pursuant to the Conversion.

Our issued and paid-up share capital will be increased to 468,000,000 Shares subsequent to the Public Issue of 55,380,000 Shares.

None of our Shares as tabulated above were issued at a discount, on special terms or instalment payment terms. As at the date of this Prospectus, we do not have any warrant, option or convertible securities in issue or any uncalled capital.

4.1.3 Corporate Structure

Our Group's corporate structure is depicted below:-



4. INFORMATION ON OUR GROUP (CONT'D)

The details of our subsidiary are as follows:-

Company (Registration No.)	Date/ Place of Incorporation	Registered Capital RMB'000	Effective Equity Interest (%)	Principal Activity
Rizhao Hengbao (371122228001225)	09.03.2005/ PRC	* RMB80,800	100.00	A one-stop gourmet convenient food specialist specialising in ready-to-serve duck meat products

Note:-

* As at LPD, an amount of approximately RMB51.99 million out of the registered capital of RMB80.80 million has been contributed. The remainder of the registered capital will be contributed by Sozo upon completion of the Listing. As most of the IPO proceeds will be utilised by Rizhao Hengbao for its operations and related expansions as disclosed in Section 2.6 of this Prospectus, accordingly, the IPO proceeds will be remitted by Sozo to Rizhao Hengbao by way of capital contribution.

4.1.4 Our Subsidiary

Rizhao Hengbao was incorporated in the PRC on 9 March 2005 as a limited liability company under its current name. In April 2008, Rizhao Hengbao was converted into a Sino-foreign joint venture enterprise pursuant to the completion of the subscription of the additional registered capital of Rizhao Hengbao amounting to RMB10.0 million by Sozo (representing approximately 31.45% of the then enlarged registered capital of Rizhao Hengbao). The acquisition of the remaining equity interest in Rizhao Hengbao by Sozo from the existing equity holders was completed on 25 September 2009, resulting in Rizhao Hengbao becoming a WFOE.

Rizhao Hengbao commenced operations in August 2005 and has been involved in the manufacturing of convenient food products such as RTS Food, frozen vegetables, canned food and other food which include VF Snacks and asparagus tea products. Further information on the food products are set out in Section 4.5 of this Prospectus.

Rizhao Hengbao's registered capital is RMB80.80 million and as at LPD, the contribution to its registered capital is approximately RMB51.99 million. The changes in Rizhao Hengbao's registered capital for the past three (3) years up to LPD were as follows:-

Date of Capital Contribution	Contribution (Cash) (RMB'million)	Cumulative Contribution to Registered Capital (RMB'million)
01.02.2007	4.50	17.28
18.04.2007	4.52	21.80
30.01.2008	1.01	22.81
28.02.2008	2.04	24.85
09.04.2008	6.95	31.80
30.12.2008	0.94	32.74
07.04.2009	0.81	33.55
14.04.2009	1.91	35.46
15.06.2009	2.36	37.82
26.06.2009	1.89	39.71
20.07.2009	1.92	41.63
10.11.2009	10.36	* 51.99

4. INFORMATION ON OUR GROUP (CONT'D)

Note:-

* As at LPD, an amount of approximately RMB51.99 million out of the registered capital of RMB80.80 million has been contributed. The remainder of the registered capital will be contributed by Sozo upon completion of the Listing. As most of the IPO proceeds will be utilised by Rizhao Hengbao for its operations and related expansions as disclosed in Section 2.6 of this Prospectus, accordingly, the IPO proceeds will be remitted by Sozo to Rizhao Hengbao by way of capital contribution.

None of the Rizhao Hengbao's registered capital as tabulated above was contributed at a discount, on special terms or instalment payment terms. As at the date of this Prospectus, Rizhao Hengbao does not have any warrant, option or convertible securities in issue or any uncalled capital.

4.2 LISTING SCHEME

In conjunction with and as an integral part of our Listing, we undertook the Listing Scheme, which involved the following:-

(i) Subdivision

We undertook a subdivision of 3,000,000 Shares into 300,000,000 Shares on the basis that every one (1) Share be divided into one hundred (100) Shares.

The Subdivision was completed on 3 February 2010.

(ii) Conversion

(a) Conversion of Convertible Loans

The following holders of Convertible Loans have converted their Convertible Loans into new Shares as set out below:-

No.	Holders of Convertible Loans	Convertible Loans Extended to Sozo		No. of Shares
		SGD	RM	
Tranche 1				
1.	Roscrea Investments Limited	1,600,000	-	20,968,802
2.	Elpis Wealth Management Pte. Ltd.	600,000	-	7,863,302
3.	George Tiong Siy	150,000	-	1,965,825
4.	Jovenson Lim Ong	150,000	-	1,965,825
5.	Janet Fong Wuan Yee	100,000	-	1,310,550
6.	Tong Wai Mun	100,000	-	1,310,550
7.	Lai Wai Yin	100,000	-	1,310,550
8.	Bernard Chua Go	75,000	-	982,913
9.	Ng Been Hwee	55,000	-	720,803
10.	Eminence Capital Pte. Ltd.	50,000	-	655,275
11.	Wan Kum Tho	20,000	-	262,110
Tranche 2				
12.	Lim Kwee Gee	200,000	-	1,311,461
13.	Lim Kwee Gee	-	500,000	1,341,126
14.	Strategic Capital Partners Pte. Ltd.	450,000	-	2,950,787

4. INFORMATION ON OUR GROUP (CONT'D)

No.	Holders of Convertible Loans	Convertible Loans Extended to Sozo		No. of Shares
		SGD	RM	
Tranche 3				
15.	Yap Yoon Keong	100,000	-	593,760
16.	Pok Yoke Kung	100,000	-	593,760
17.	Resource Hardware & Trading Pte. Ltd.	200,000	-	1,187,520
18.	Lee Ying Kiat	100,000	-	593,760
19.	Tan Poh Thong	50,000	-	296,880
20.	Ong Soo Boon	250,000	-	1,484,400
21.	Heng Hock Keng	100,000	-	593,760
22.	Oleksandr Danylenko	100,000	-	593,760
23.	Ayako Kira	125,000	-	742,200
24.	Yong Sooi Seong	-	108,000	262,307
25.	Strategic Advisory Services Pte. Ltd.	1,000,000	-	5,937,601
26.	Yap Soo Ching	-	192,000	466,323
27.	Lee Kim Tow	80,000	-	475,008
28.	Tan Roy Soon	-	400,000	971,506
29.	Ng Yew	-	100,000	242,876
30.	Lee Yok Khon @ Lee Kua	-	300,000	728,629
31.	Mah Siew Hoe	-	500,000	1,214,382
32.	Lim Chee Pin	-	300,000	728,629
33.	Suraj Singh Gill	200,000	-	1,187,520
	Total	6,055,000	2,400,000	63,814,460

(b) Conversion of RCCPS

Agro Treasures has converted its RCCPS into new Shares as set out below:-

Holder of RCCPS	Total Subscription Price of RCCPS (RM)	No. of Shares
Agro Treasures	20,500,000	48,805,540

The Conversion was completed on 8 September 2010. The Conversion resulted in our issued and paid-up share capital being increased from SGD30,000 comprising 300,000,000 Shares to SGD15,392,015 comprising 412,620,000 Shares.

All the new Shares issued pursuant to the Conversion ranked *pari passu* in all respects with our existing Shares, except that the new Shares will not be entitled to any dividends, rights, allotments or other distributions declared, made or paid prior to the date of allotment of the Shares issued pursuant to the Conversion.

4. INFORMATION ON OUR GROUP (CONT'D)

(iii) Transfer

Following the Subdivision and Conversion, Hengbao Foodstuffs, our Promoter and substantial shareholder transferred a portion of its shareholding comprising 32,798,000 Shares to the following shareholders:-

No.	Shareholders *	No. of Shares	%	% of Enlarged Share Capital
1.	Lim Kwee Gee	6,612,500	20.16	1.41
2.	Cherrybrook Group Limited	5,819,000	17.74	1.24
3.	Sign Century Limited	5,290,000	16.13	1.13
4.	Loh Peng Chai	3,967,500	12.10	0.85
5.	Arthur J Stewart Group Limited	3,967,500	12.10	0.85
6.	Lim Chee Pin	3,967,500	12.10	0.85
7.	Eminence Capital Pte. Ltd.	2,116,000	6.45	0.45
8.	Clifford Capital Holdings Limited	1,058,000	3.22	0.23
		32,798,000	100.00	7.01

Note:-

* The shareholders have contributed to the success of our Group.

The Transfer was completed on 8 September 2010.

(iv) IPO

(a) Public Issue

We are undertaking a Public Issue, details of which are set out in Section 2.2(i) of this Prospectus.

(b) Offer For Sale

Our Offerors are undertaking an Offer For Sale, details of which are set out in Section 2.2(ii) of this Prospectus.

(v) Listing

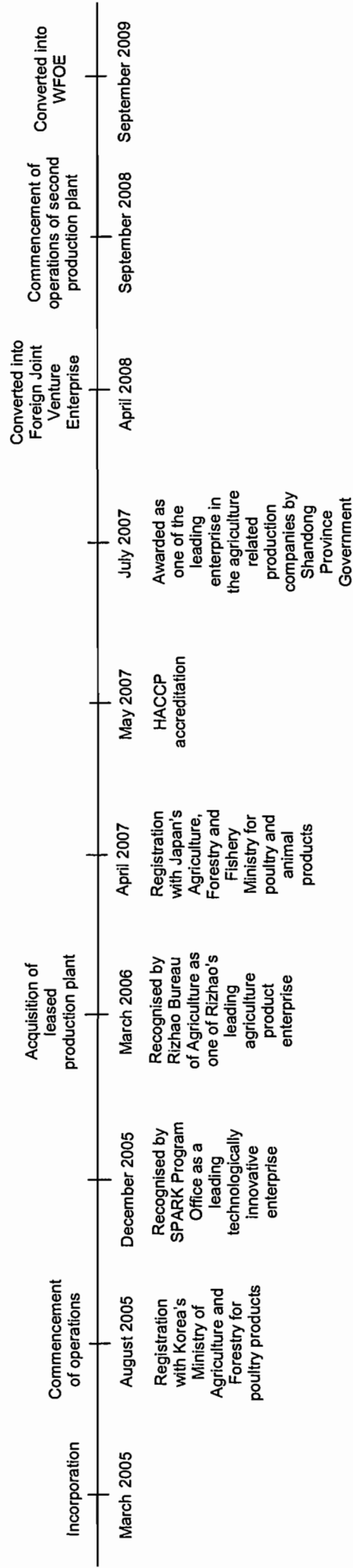
Upon completion of the abovementioned Subdivision, Conversion, Transfer and IPO, we will seek a listing of and quotation for our entire enlarged issued and paid-up share capital comprising 468,000,000 Shares on the Main Market of Bursa Securities.

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Company Registration No: 200608505W
 Malaysia Foreign Company Registration No.: 995221-H

4. INFORMATION ON OUR GROUP (CONT'D)

4.3 BUSINESS BACKGROUND



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4. INFORMATION ON OUR GROUP (CONT'D)

4.3.1 History and Development

Our history can be traced back to 2005 with the incorporation of Rizhao Hengbao in the PRC under the laws of PRC on 9 March 2005. In August 2005, Rizhao Hengbao commenced operations on a leased plant located at No. 1, Juzhou Road, Ju Country, Shandong Province, the PRC. The plant was leased from the Ju County State-Owned Assets Administration Bureau.

Our founder, Shen Hengbao, is considered a pioneer in the F&B industry with more than twenty five (25) years of experience in the industry. Meng Xiangzhen is also an experienced individual in the F&B industry, who also has more than twenty (20) years of experience in the industry.

Prior to the establishment of Rizhao Hengbao, Shen Hengbao was the Deputy Director of Shandong Province Foreign Trade Food Products Co. Ltd. (山东外贸食品公司), a state-owned enterprise established by the Shandong Provincial Government which, amongst others, is responsible for overseeing, promoting and where necessary, assisting in the management of state-owned enterprises engaged in the F&B export business. As the Deputy Director of Shandong Province Foreign Trade Food Products Co. Ltd., Shen Hengbao had, from time to time in the past, provided general assistance to the management of Ju County Shan Fu Foodstuffs Co., Ltd. (莒县山孚食品有限公司) (“**Shanfu**”). Shanfu, a subsidiary of Shandong Foodstuffs Import and Export Company (山东食品进出口公司), was a state-owned enterprise under the administration of Shandong Province which commenced operations in 1996 and was principally engaged in the business of foodstuff manufacturing.

The business direction of Rizhao Hengbao since inception has been to penetrate the convenient food market and more specifically, the RTS Food sector. Over the years, Rizhao Hengbao has continuously strived to expand its product offerings and today has more than 1,000 varieties of different products. Rizhao Hengbao commenced operations in August 2005, exporting our products which consist mainly of meat and vegetable related products to Japan*, directly as well as indirectly through local agents.

Note:-

* *On 16 April 2005, Ju County Stated-Owned Assets Administration Bureau and Rizhao Hengbao had entered into an agreement for the use of intangible assets permitting Rizhao Hengbao to utilise the licenses, permits, certificates or approvals which were in the name of Shanfu. Pursuant to the said agreement, Rizhao Hengbao was allowed by Ju County Stated-Owned Assets Administration Bureau to export products to Japan via the export permits owned by Shanfu while Rizhao Hengbao was in the midst of applying for the transfer of the ownership of the export permits to its name. All the licenses, permits, certificates or approvals were fully transferred and registered in the name of Rizhao Hengbao by July 2007.*

In October 2005, Rizhao Hengbao registered with Korea's Ministry of Agriculture and Forestry which enables our poultry products to be exported to Korea. Later in December 2005, Rizhao Hengbao was recognised as one of the technologically innovative leading enterprise by the PRC Government's Spark Program Office of the Ministry of Science and Technology Department.

4. INFORMATION ON OUR GROUP (CONT'D)

In March 2006, our Group acquired assets required for our operations comprising plant, equipment and land and building, with an aggregate value of approximately RMB23.90 million from Ju County State-Owned Assets Administration Bureau. In August 2006, Rizhao Hengbao was recognised by Rizhao Bureau of Agriculture as one of Rizhao's leading agricultural product enterprise.

In December 2006, as a result of increased demand for Rizhao Hengbao's products, we began to draft a new land which measures approximately 64,427 square metres in our bid to increase production capacity to meet the escalating demand from customers. The new land has been and will be used for a construction project which consists of two (2) phases. The first phase of the construction project houses a second production plant and a workers' hostel which were completed in April 2008 and November 2009 respectively while the second phase will include a third production plant and corporate headquarters building.

With the completion of first phase which comprises the second plant, our Group now has a combined cold storage capacity of approximately 10,000 tonnes and quick freeze lines with capacity of approximately 38,880 tonnes per annum.

Rizhao Hengbao was converted into a WFOE on 25 September 2009.

In the course of our Group's history up to the LPD, there were no material changes in the mode of conducting our Group's business and there were no material changes in the types of products produced or services rendered. In the course of our Group's history, our Group was not involved in any bankruptcy, receivership or similar proceedings.

4.3.2 Our Key Achievements, Awards and Recognition

In the course of our Group's history and as a testimony to the quality of our products and achievement in the PRC business community, our subsidiary, Rizhao Hengbao has received many awards and certification as listed in the tables below:-

(i) Export Registrations

The details of the export registrations obtained by Rizhao Hengbao are as follows:-

Type of Approval ^(a)	Date of Issue ^(b)	Issuing Authority
Notice I (Export of poultry products to Korea)	18.10.2005	Certification and Accreditation Administration of the PRC (中国国家认证认可监督管理委员会)
Notice II (Export of poultry products to Japan)	06.04.2007	Certification and Accreditation Administration of the PRC (中国国家认证认可监督管理委员会)
Notice III (Export of cloven-hoofed animal products to Japan)	30.07.2007	Certification and Accreditation Administration of the PRC (中国国家认证认可监督管理委员会)

4. INFORMATION ON OUR GROUP (CONT'D)

Notes:-

- (a) There are no conditions imposed by the relevant authorities in relation to the export registrations obtained by Rizhao Hengbao.
- (b) The export registrations do not have expiry dates but are subject to review by the relevant authorities.

(ii) Quality Recognition

The details of the quality certifications obtained by Rizhao Hengbao are as follows:-

Type of Certification	Effective Date/ Date of Expiry	Issuing Authority
Quality Management System Certificate (ISO 9001:2008/GB/T 19001-2008) (The QMS applies to production of frozen instant food, frozen vegetables and fruits for export, canned food (canned fruit, canned vegetables, canned seashells), vacuum fried food)	26.05.2010/ 25.05.2013	China Quality Certification Centre (中国质量认证中心)
Food Safety Management System Certificate I (食品安全管理体系认证证书) (ISO 22000: 2005/GB/T 22000-2006) (Products: Processing of frozen instant food including meat)	06.07.2009/ 05.07.2012	China Quality Certification Centre (中国质量认证中心)
Food Safety Management System Certificate II (食品安全管理体系认证证书) (ISO 22000: 2005/GB/T 22000-2006) (Products: Processing of frozen vegetables and fruits (green asparagus, white asparagus, peapod, sugar, snap pea, green bean, potato, broccoli, strawberry, blackberry etc.), fruits canned food (peaches), double seashells canned food (smoked oyster, boiled baby clams))	28.05.2010/ 27.05.2013	China Quality Certification Centre (中国质量认证中心)

(iii) Enterprise Awards

The details of the awards received by Rizhao Hengbao are as follows:-

Year	Award	Issuing Authority
December 2005	Technologically Innovative Centre of Leading Enterprise (龙头企业技术创新中心)	Spark Program Office of Ministry of Science and Technology Department (PRC) (科技部星火计划办公室)
March 2006	Rizhao's Leading Agriculture Product Enterprise in Rizhao (日照市农业产业化重点龙头企业)	Rizhao Bureau of Agriculture (日照市农业局)
January 2007	Top 100 Enterprise in food industry in Shandong Province (山东省食品工业百强企业)	Shandong Food Industry Society (山东省食品工业协会)

4. INFORMATION ON OUR GROUP (CONT'D)

Year	Award	Issuing Authority
February 2007	Outstanding Private Enterprise in Rizhao (日照市优秀民营企业)	Rizhao People's Government (日照市人民政府)
March 2007	Leading Agriculture Product Enterprise for 2006 (2006年度农业产业化经营工作先进单位)	Ju County People's Government (莒县人民政府)
July 2007	Leading Agriculture Product Enterprise in Shandong Province (山东省农业产业化龙头企业)	Shandong Agriculture Hall (山东省农业厅)

4.3.3 Material Capital Expenditures and Divestitures

Save as disclosed below, we did not incur any material capital expenditure for the past four (4) FYE 2006 to FYE 2009, FPE 2010 and up to LPD:-

Asset Type in PRC	Transaction Value					
	FYE 2006	FYE 2007	FYE 2008	FYE 2009	FPE 2010	As at LPD
	RMB'000/ (a)RM'000	RMB'000/ (a)RM'000	RMB'000/ (a)RM'000	RMB'000/ (a)RM'000	RMB'000/ (a)RM'000	RMB'000/ (a)RM'000
Leasehold buildings and infrastructure	RMB13,305/ RM6,002	-	RMB21,593/ RM10,978	RMB18,298/ RM9,184	-	-
Plant and machinery	RMB10,663/ RM4,810	(b)	RMB6,843/ RM3,479	(b)	(b)	(b)
Land use rights	RMB14,680/ RM6,622	(b)	-	-	-	-

Notes:-

(a) Based on the closing exchange rates for the respective financials years/ periods stated below:-

	FYE 2006	FYE 2007	FYE 2008	FYE 2009	FPE 2010	LPD
RMB: RM	0.4511	0.4534	0.5084	0.5019	0.4772	0.4656

(b) Not material.

We had no material divestitures in the past four (4) FYE 2006 to FYE 2009, FPE 2010 and up to LPD.

Save for the amount of approximately RMB6.48 million (approximately RM3.25 million) and RMB0.76 million (approximately RM0.36 million) incurred in FYE 2009 and FPE 2010 respectively for the construction of the waste water treatment plant in our second production plant in PRC, our Group does not have any material capital expenditure and divestitures currently in progress. The construction of the waste water treatment plant was financed via our internally generated funds and is expected to be completed by first quarter of 2011.

4. INFORMATION ON OUR GROUP (CONT'D)

4.4 OVERVIEW OF OUR GROUP'S BUSINESS ACTIVITIES

Our products consist of poultry and meat, as well as vegetables which are subjected to various preparations, processing and cooking methods before being packed and distributed. The convenient food products manufactured by our Group are sold as ready to eat dishes as well as shelf stable products.

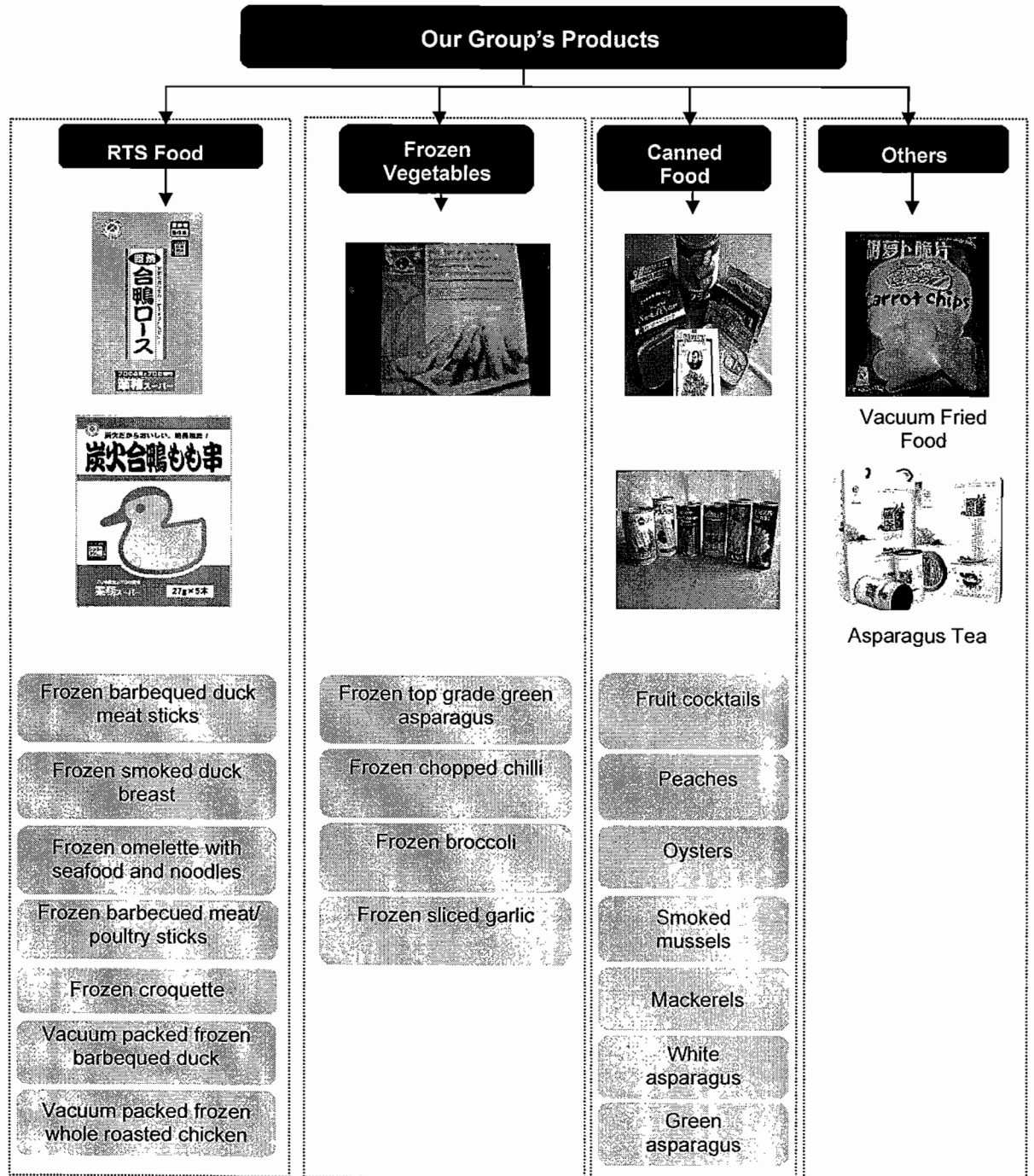
 <p>One-stop Convenient Food Specialist</p>	
 <p>RTS Food</p>	 <p>Frozen Vegetables</p>
 <p>Canned Food</p>	 <p>Others</p>
<p>Own Brand – “Geleifu” (Green Food), “Hengbao Food”, “The Four Seasons Farm” and OEM</p>	

Further information on our products is set out in Section 4.5 of this Prospectus.

4. INFORMATION ON OUR GROUP (CONT'D)

4.5 OUR PRODUCTS

Our Group's four (4) product categories are detailed below:-



Our Group's products are categorised as RTS Food, frozen vegetables, canned food and others such as VF Snacks and asparagus tea products.

4. INFORMATION ON OUR GROUP (CONT'D)

(i) RTS Food

Our RTS Food products consist of pre-cooked gourmet meat or meat with vegetable products which are either frozen or vacuum packed for convenient storage, easy preparation and quick consumption. The main ingredients used in RTS Food consist mainly of meat products and are subjected to various processing and cooking methods such as frying, steaming, stewing and barbequing followed by secondary process that freezes the food to preserve the freshness before being packed.

(ii) Frozen Vegetables

Our frozen vegetables products consist of pre-cooked vegetables and fresh vegetables which are frozen for convenient storage and preparation. The vegetables and fruits are subjected to specific preparation processes to preserve the freshness of the food. Our Group packs and ships a variety of vegetables throughout the year depending on the seasons for that particular vegetable.

(iii) Canned Food

Our Group also produces canned food products which consist of pre-cooked and fresh seafood, vegetables and fruits which are canned for hassle free storage and fast consumption. The food is subjected to seasoning and various cooking methods. Canned food products are also subjected to a sterilisation process and stringent quality checks to ensure the content is free from bacteria which may propagate in the can.

(iv) Others

(a) VF Snacks products are processed using vacuum frying method. This is a widely accepted method where the food is fried at low temperature of approximately 80 degree Celsius in a vacuum fryer. Vacuum frying eliminates the moisture from the subject gradually as opposed to normal frying, resulting in longer product shelf lives while maintaining most of the original colours, shapes and most importantly, taste and nutrients of the ingredients. Examples of food products in this category include vacuum fried mixed vegetables and fruits pack, vacuum fried potato chips and vacuum fried carrot chips; and

(b) Our current range of asparagus tea products includes asparagus tea bags, high grade asparagus tea slices and family pack asparagus tea.

Our Group's production process is set out in Section 4.7 of this Prospectus. Further information on the types of products under each category including the breakdown of the revenue contribution by each of the product is disclosed in Section 8.3.1 of this Prospectus.

4. INFORMATION ON OUR GROUP (CONT'D)

4.6 COMPETITIVE STRENGTHS AND ADVANTAGES

We believe that our competitive strengths and advantages are as follows:-

(i) We Are A One-stop Gourmet Convenient Food Specialist Capable of Offering Complete Manufacturing Solutions to Our Customers

Our Group is a one-stop gourmet convenient food specialist capable of providing complete manufacturing solutions to our customers. Our services offering span initial product development, raw material sourcing and selection, pilot trials, full-scale manufacturing, bulk and final product packaging, packaging design, product testing, export clearance and shipping arrangements. Further, due to our extensive and varied experiences and product capabilities, we are able to meet our customers' requirements for a wide variety of convenient food, including snacks, ready-to-serve meals and frozen condiments and ingredients.

(ii) We Are Certified and Registered to Manufacture for Export to Japan, USA and Korea

We have obtained the necessary certifications and registrations to manufacture products for export to Japan (processed poultry and meat products), USA (canned seafood) and Korea (processed poultry products). These certifications and registrations require a manufacturer to observe the highest level of quality standards at all times and are subject to stringent renewal inspections (please refer to Section 4.3.2 of this Prospectus for details of such certifications and registrations). In particular, based on our management's knowledge, Rizhao Hengbao is currently one (1) out of a total of ten (10) PRC manufacturers approved for export of processed poultry products to Japan, one (1) out of a total of three (3) PRC manufacturers approved for export of cooked poultry and meat products to Japan and one (1) out of a total of seven (7) PRC F&B manufacturers approved for export of processed poultry products to Korea. Rizhao Hengbao had also applied to the Singapore authorities to export its RTS Food, frozen vegetables, canned food and VF Snacks to Singapore. Barring unforeseen circumstances, Rizhao Hengbao expects to receive approval for export to Singapore by the first half of 2011.

In addition, based on our management's knowledge and as confirmed by the Foreign Trade & Economic Cooperation of Shandong Province (山东省对外贸易经济合作厅), Rizhao Hengbao is currently the largest manufacturer of cooked duck meat products for export purposes in Shandong Province.

(iii) We Have Highly Experienced and Professional Directors Who Are Supported by A Management Team of Highly Dedicated and Experienced Personnel

Our Group is led by our Chief Executive Officer, Shen Hengbao and our Executive Director, Meng Xiangzhen, who are the founders of our Group and collectively have more than forty five (45) years of experience in the PRC F&B industry and export business. Shen Hengbao and Meng Xiangzhen had worked in various government agencies involved in the F&B export business in Shandong Province. Please refer to Sections 5.1.2(ii) and 5.4.2(i) of this Prospectus for further details on the qualifications and working experience of Shen Hengbao and Meng Xiangzhen respectively.

4. INFORMATION ON OUR GROUP (CONT'D)

Shen Hengbao and Meng Xiangzhen are in turn supported by a management team of five (5) highly experienced and dedicated personnel who each possess many years of experience in their respective fields. Please refer to Section 5.6.2 of this Prospectus for details on the working experience of our management team.

(iv) We Enjoy a Stable Supply of Competitively Priced and High Quality Raw Materials

Our subsidiary, Rizhao Hengbao, is located in Shandong Province, one of the largest agricultural provinces of the PRC and we procure all of our raw materials from suppliers located in Shandong Province. Our Group's production plants are located at Ju County, Rizhao City, which is at close proximity to Linyi City and Weifang City, two (2) of the largest agricultural cities of Shandong Province. Linyi City is well known for its poultry and meat production as well as garlic production. Weifang City is one of the largest vegetable and fruits growing base in the PRC. In view of these, we are able to enjoy a stable supply of competitively priced raw materials. Being at close proximity to our suppliers also enables us to enjoy benefits such as the ability to adopt an efficient inventory management system, guaranteed freshness of raw materials and lower raw material transportation costs.

(v) We Have Stringent Product Quality and Safety Standards Control Systems Which Are Accredited by Various Bodies

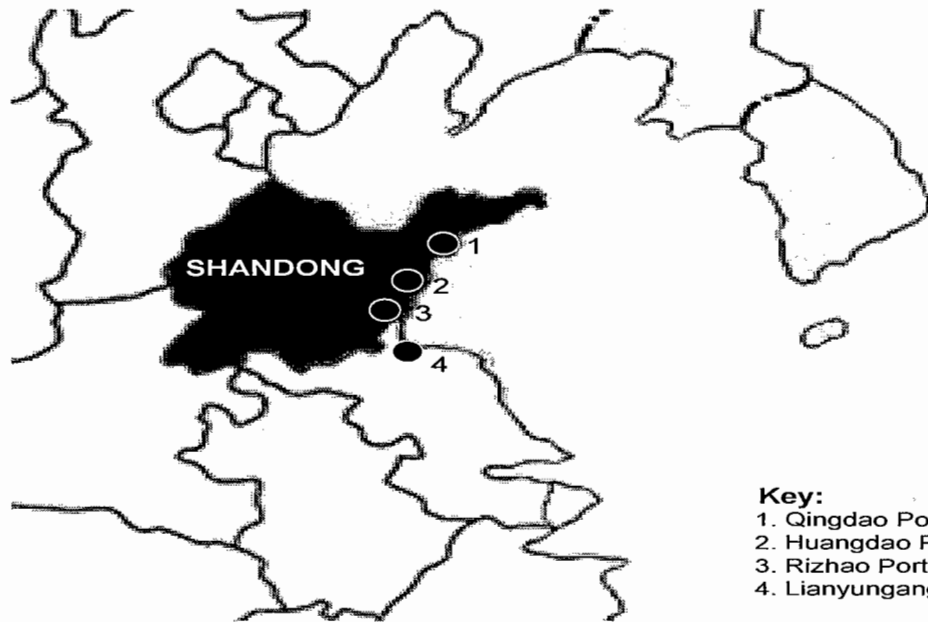
Our Group observes stringent QC systems that ensure high quality and safety standards, which are key concern areas for food products. As set out in Section 4.3.2 of this Prospectus, our Group has received several accreditations from relevant bodies including certification and registration over the years, which includes HACCP and/or ISO 22000:2005 Food Safety Management System as well as ISO 9001:2008 certifications. These certification, registration and accreditation are a testimony of our Group's commitment to high product quality. Details of our QC policies are set out in Section 4.8 of this Prospectus.

(vi) We Are Strategically Located at Close Proximity to Major PRC Ports and Our Key Overseas Market, Japan

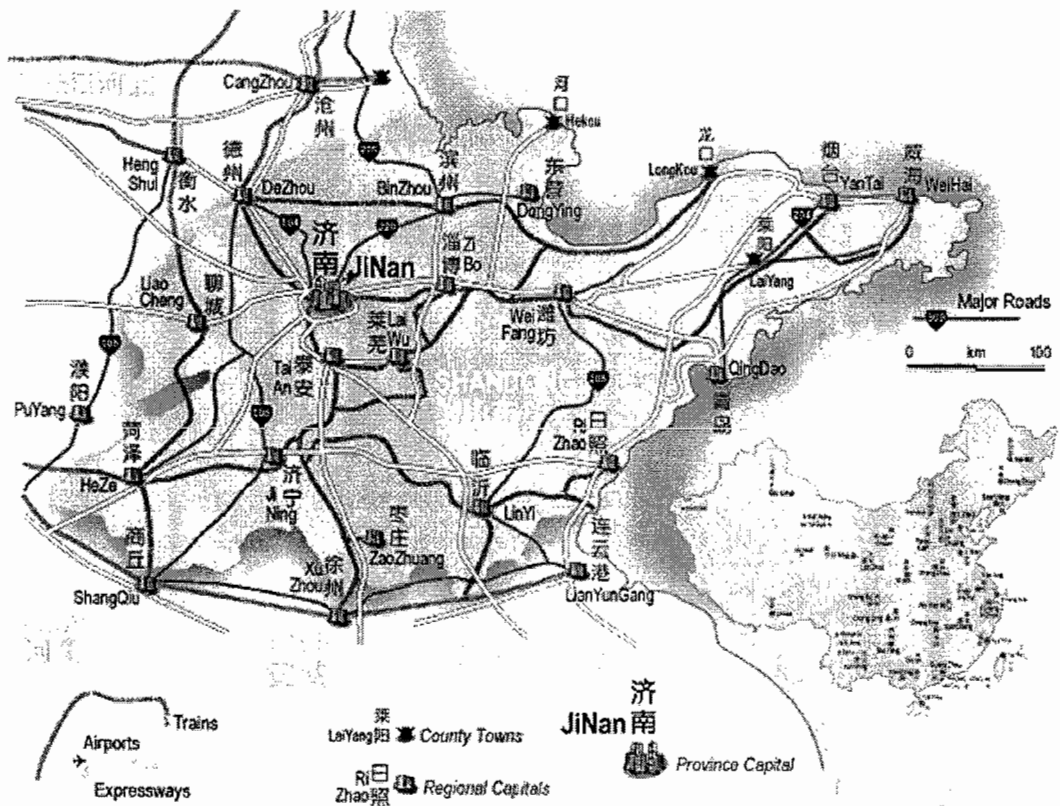
Rizhao Hengbao is strategically located at close proximity to several major PRC ports, namely Qingdao (190 kilometres), Huangdao (160 kilometres), Rizhao (70 kilometres) and Lianyungang (130 kilometres). In addition, Qingdao, Huangdao and Rizhao ports are located at close proximity to Japan, our key overseas market. As such, we are able to enjoy lower costs of transportation as well as save on port storage costs which would otherwise normally be required prior to shipment.

Our manufacturing plants are also located along major highways and freight routes, linking our Group with major distribution and urbanised cities like Beijing and Shanghai. The first map below show the location of the major ports whilst the latter map show the elaborate transportation system which consist of highways and railways.

4. INFORMATION ON OUR GROUP (CONT'D)



- Key:**
 1. Qingdao Port
 2. Huangdao Port
 3. Rizhao Port
 4. Lianyungang Port



4. INFORMATION ON OUR GROUP (CONT'D)

(vii) **We Are Highly Regarded and Reputable in the Industry**

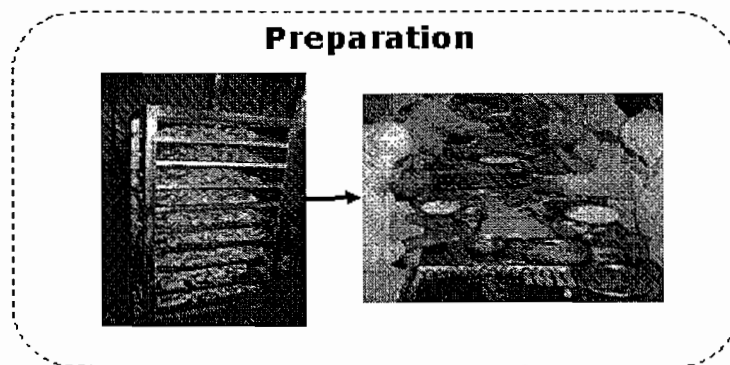
Our subsidiary, Rizhao Hengbao, has in 2007 been recognised by Shandong Agricultural Hall as a leading agricultural product enterprise in Shandong Province. Based on the knowledge of our management and as confirmed by the Foreign Trade & Economic Cooperation of Shandong Province (山东省对外贸易经济合作厅), Rizhao Hengbao is also currently the largest manufacturer of cooked duck meat products for export purposes in Shandong Province.

(viii) **Our Directors and Management Team Are Familiar With Overseas Markets and Have Established Long Term Business Relationships With Our Customers**

Our Directors, namely Shen Hengbao and Meng Xiangzhen have more than twenty five (25) years and twenty (20) years of experience respectively in the PRC F&B industry and export business. In addition, both Shen Hengbao and Meng Xiangzhen each have more than eleven (11) years of experience dealing with major Japanese F&B companies (some of whom are currently our Group's customers) since 1998 when they were colleagues at Shandong Province Foodstuffs Import and Export Company (山东省食品进出口公司). Further, certain personnel of our management team, namely Professor Zhao Changming (QC and Product Development Director) and Yao Zhifang (Sales and Marketing Director), also possess many years of experience in the F&B export industry, in particular, the Japanese market. Please refer to Section 5.6.2 of this Prospectus for details of the working experience of our management team.

4.7 PRODUCTION PROCESS

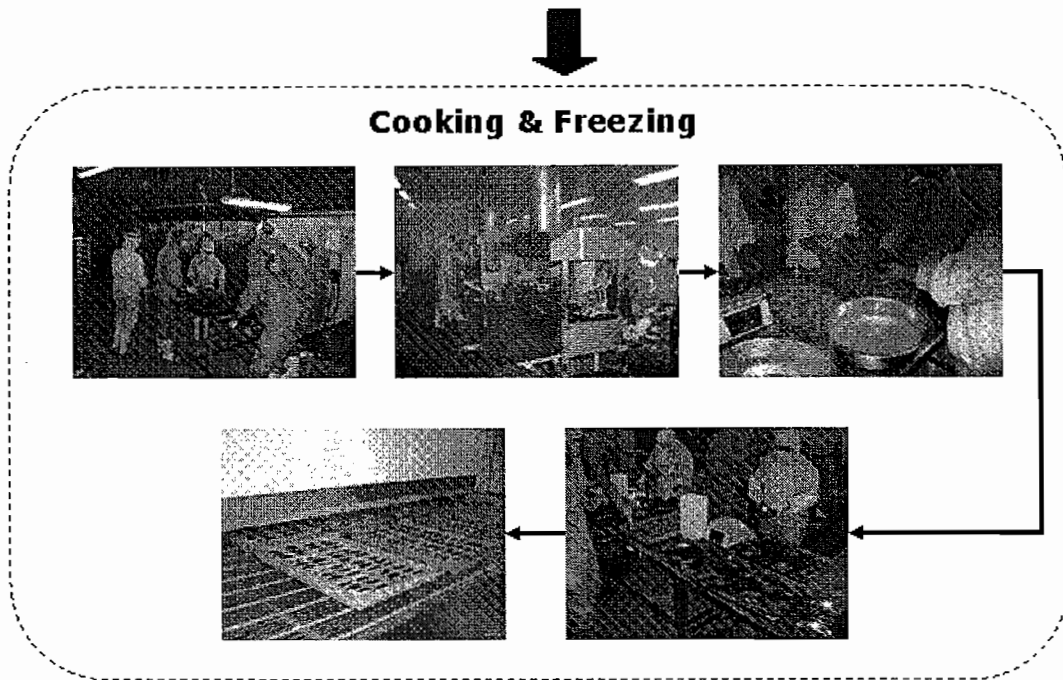
(i) **RTS Food**



The process begins with the preparation and selection of the required ingredients. For meat based products, the meat is defrosted first before being subjected to a cleaning process.

Once cleaning is done, the workers will proceed to cut the meat into various shapes, usually into slices, depending on the type of end product required. A mixing process will then take place, where the various ingredients, flavourings and seasonings are mixed.

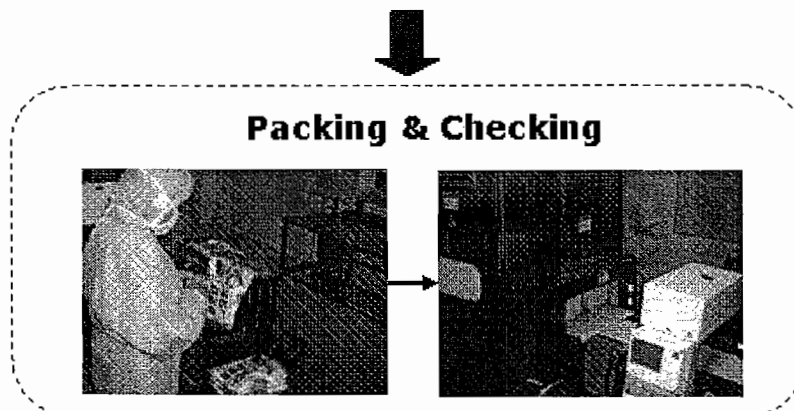
4. INFORMATION ON OUR GROUP (CONT'D)



The cooking process varies according to the type of RTS Food being prepared, which ranges from frying, steaming, smoking as well as stewing and barbequing. The cooking process normally takes a few minutes and the cooked RTS Food will be quick frozen. A quality check will follow after the food has been cooked. The workers will remove any products that do not meet the required standards.

The cooked food will then pass thru an X-Ray machine where it enables the tracing of any metal particles in the food. This check is in line with the HACCP and/or ISO 22000:2005 Food Safety Management System regulations and ensures that the cooked food is free of such harmful particles.

The food will then be added with additional flavouring condiments such as sauce to enhance the flavour. Thereafter, the cooked RTS Food will be quick frozen to preserve the freshness of the food.

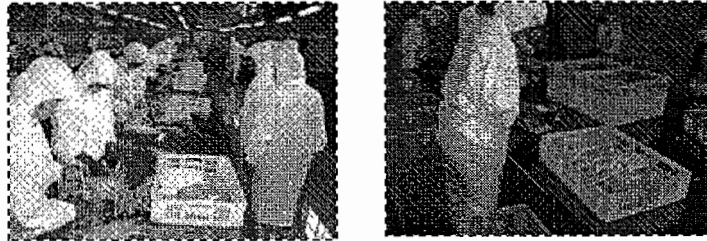


The final stage involves packing and storage in the warehouse, before being delivered to its respective destinations.

4. INFORMATION ON OUR GROUP (CONT'D)

(ii) Frozen Vegetables

Cleaning & Slicing



The raw vegetables are first subjected to a deep cleaning process where it is washed and cleaned thoroughly.

After the cleaning process, the raw vegetables are sliced into various shapes such as cubes, slices or sticks according to the customers' specifications and final product presentation.



Blanching & Freezing



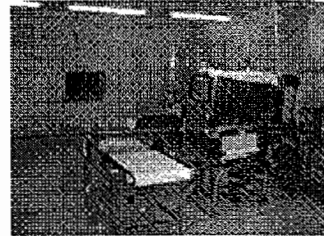
The semi-prepared vegetables are then subjected to a blanching process where it is cooked in water at temperature more than 85 degree Celsius for a very short period of time. Thereafter, the cooked vegetables are taken out of the water and are then subjected to a cooling process.

After the cooling process, the cooked vegetables are rinsed to rid of any impurities. After the rinsing process, the cooked vegetables are quick frozen to retain freshness.

4. INFORMATION ON OUR GROUP (CONT'D)



Packing & Final Examination



The quick frozen vegetables will go through a detailed quality check by our Group's employees to detect any defect in the final products that do not meet the required specifications (for e.g., required shapes and sizes).

After the necessary checks, the quick frozen vegetables are then packed and subjected to another examination process where the packed food are placed through an X-Ray machine to detect if they contain any metal particles. This is in line with the HACCP and/or ISO 22000:2005 Food Safety Management System practice that is regulated by the China Quality Centre.

The packed products are then moved to the refrigerated storage area before being delivered or shipped to its intended destination.

(iii) **Canned Food**

<p>Selecting, Cleaning and Slicing</p>	<p>The whole process starts with selection of required raw materials to ensure the food are fresh and of high quality.</p> <p>The selected ingredients are subject to a thorough cleaning process to clean the food of any impurities.</p> <p>Where required, the raw materials may be cut and sliced according to the required specifications.</p>
<p>Boiling and Seasoning</p>	<p>The raw materials are brought to the cooking area and subjected to a blanching process to cook them. In some cases, the food are also subjected to a seasoning process, giving the food distinctive and desired taste.</p>
<p>Canning, Sealing and Sterilisation</p>	<p>The cooked food are then canned and sealed in accordance with our customers' requirements.</p> <p>This is followed by a sterilisation process at high or low heat, depending on the type of food in the can, to kill harmful bacteria that may poison or spoil the food. Usually, high heat sterilisation process is carried out if the food contains low acid content such as mushrooms whereas low heat sterilisation process is applied to fruits which contain high acid contents. The sterilisation process is carried out at no less than 120 degree Celsius for 15 minutes to ensure that no unwanted bacteria can form in the cans.</p>

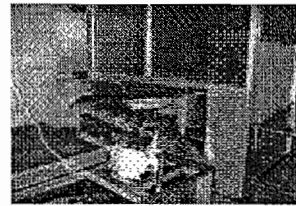
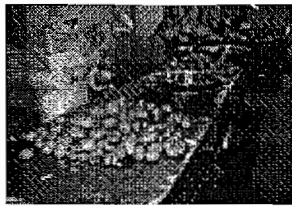
4. INFORMATION ON OUR GROUP (CONT'D)

**Cooling,
Checking,
Packing and
Storage**

After the sterilisation process, the cans are subjected to a cooling process before a customer's label is applied to the can. Once this is completed, a compulsory quality checking process is undertaken, where the workers check for any visual defects to the can. After the quality checks, canned food which passed the checks are then packed before being stored in the warehouse.

(iv) VF Snacks

Preparation



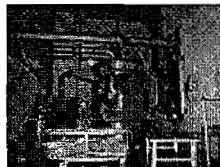
The preparation of raw materials involves firstly, the cleaning of fresh fruits or vegetables and secondly, peeling of the skin of the raw materials by workers using specific equipment before slicing the raw materials into sticks or into thin slices.

This is followed by a blanching process, where the raw materials are immersed in boiling water for a brief period of time and then drained and rinsed in cold water immediately. This process is carried out for a number of reasons, ranging from softening or firming up of the raw materials, cooking the raw materials, brightening up the colour of the raw materials as well as to clean dirt.

After the blanching process, the raw materials would go through a seasoning process where the raw materials are added with relevant flavouring ingredients.



Vacuum Frying



4. INFORMATION ON OUR GROUP (CONT'D)

The raw materials are then loaded into a frying basket which is then loaded in the vacuum fryer. The raw materials are fried at a temperature of approximately 80 degree Celsius and during the frying process, the frying basket is shaken to stir the materials in order to achieve a uniform result.

Thereafter, quality checks will be performed on the fried food and any burnt food or those seem unfit for consumption will be removed from the batch.

Food which passed the checks will then be packed before being stored in the Rizhao Hengbao's warehouse to be delivered to intended destinations.

Our Group places great emphasis on quality assurance at every stage of the production process and have clearly defined procedures to manufacture products of consistently high quality. Please refer to Section 4.8 of this Prospectus for further details on our Group's QC policies.

4.8 QC MANAGEMENT

As an establishment which is involved in the manufacturing of food products, our Group strives to continuously maintain the highest standards and quality at all stages of our manufacturing processes in our bid to ensure that our products meet the highest safety standards for consumption. Amongst others, we attribute our success to-date to our commitment to provide quality and safe food products. We further believe that good QC is one of our Group's key competitive strengths for continued growth and success. Our objective is that food products manufactured by Rizhao Hengbao should continue to be identified with top quality, hazard-free delicacies which meet the highest safety and health standards.

Our Group's QC team is led by Professor Zhao Changmin and has a total of fourteen (14) members as at LPD. Our QC team ensures proper implementation of our Group's QC procedures during the production process. Our factory workers are also responsible for QC within their respective stations.

As a testimony to our commitment to quality products and processes, our subsidiary, Rizhao Hengbao has received the following quality certifications over the years:-

(i) HACCP

Rizhao Hengbao has obtained the following HACCP Certificates issued by the China Quality Certification Centre which were valid from 14 May 2007 to 13 May 2010:-

- (a) HACCP Certificate I for the processing of frozen instant food (including meat);
- (b) HACCP Certificate II for the processing of frozen vegetables (green asparagus, white asparagus, peapod, sugar, snap pea, green bean, potato, broccoli, strawberry etc.); and
- (c) HACCP Certificate III for the processing of fruits and vegetables canned food (peaches, apples, asparagus) and double seashells canned food.

4. INFORMATION ON OUR GROUP (CONT'D)

Rizhao Hengbao has also obtained a China Inspection and Quarantine ("CIQ") HACCP Verification Certification issued by the Shandong Entry-Exit Inspection and Bureau for canned boiled oysters, baby clams, mussels in brine, canned smoked oysters, baby clams, mussels and scallops in cotton seed oil and canned boiled fish, which was valid from 1 September 2009 to 31 August 2010.

Upon the renewal of the abovementioned expired HACCP Certificates, these certificates have been replaced and upgraded by the ISO 22000:2005 Food Safety Management System Certificates as detailed in Section 4.8(ii) of this Prospectus. There is no necessity to separately renew the HACCP Certificates as the HACCP Certificates are considered as being renewed upon being replaced and upgraded to the ISO 22000:2005 Food Safety Management System Certificates.

HACCP is a systematic preventative approach to food safety that addresses physical, chemical and biological hazards as a means of prevention rather than finished product inspection. HACCP is used in the food industry to identify potential food safety hazards so that key actions known as Critical Control Points (CCP's) can be taken to reduce or eliminate the risk of hazards being realised and thus, a cost-effective approach to food safety.

The system is used at all stages of food production and preparation processes. Besides the food industry, HACCP is also applied to industries such as pharmaceuticals and cosmetics. This method, which in effect seeks to plan out unsafe practices, differs from traditional "produce and test" quality assurance methods which are less successful and inappropriate for highly perishable food.

In general, HACCP standards cover a wide range of areas and the covered areas are as follows:-

- Design of Premises
- Control of Operations
- Calibration, Maintenance and Sanitation of Plant and Equipment
- Waste and Pest Control
- Personnel's Hygiene
- Storage Control and Management
- Supplier Control
- Chemical Control

In order to maintain our Group's quality standards, all our employees that are involved in production and manufacturing operations are regularly trained. The type of training that they undergo encompasses new technology updates, work processes, equipment operation and equipment maintenance.

Rizhao Hengbao's quality assurance and control personnel are required to attend quality related courses that serve to enhance their knowledge on the QC related techniques and practices. These efforts that are enforced by our Group show the importance on the maintenance of high quality and safety standards of our Group's products.

4. INFORMATION ON OUR GROUP (CONT'D)

(ii) ISO 22000:2005 Food Safety Management System

As disclosed in Section 4.8(i) of this Prospectus, upon the renewal of the expired HACCP Certificates by Rizhao Hengbao, the HACCP Certificates have been replaced and upgraded to the ISO 22000:2005 Food Safety Management System Certificates. The PRC government decided to replace and upgrade the HACCP to the ISO 22000:2005 Food Safety Management System as it is a more advance system.

The following are the ISO 22000:2005 Food Safety Management System Certificates issued by the China Quality Certification Centre that have replaced the Rizhao Hengbao's HACCP Certificates:-

- (a) Food Safety Management System Certificate I for the processing of frozen instant food (including meat), which was certified since 6 July 2009 and is valid from 6 July 2009 to 5 July 2012; and
- (b) Food Safety Management System Certificate II for the processing of frozen vegetables and fruits (green asparagus, white asparagus, peapod, sugar, snap pea, green bean, potato, broccoli, strawberry, blackberry etc.), fruits canned food (peaches), double seashells canned food (smoked oyster and boiled baby clams), which was certified since 14 May 2007 and is valid from 28 May 2010 to 27 May 2013.

ISO 22000 Food Safety Management System is an international standard designed to ensure food supply chain safety worldwide. Food safety is linked to the presence of food-borne hazards in food at the point of consumption. Since food safety hazards can occur at any stage of the food chain, it is essential that adequate control be put in place as a concerted effort of all parties in the food chain. This standard has become necessary due to the significant increase of illness caused by infected food in both developed and developing countries.

ISO 22000 incorporates the principles of HACCP and other critical components of a management system to create a harmonised food safety management that is acceptable worldwide by stakeholders such as regulators, primary producers, food manufacturers and packers, retailers and consumers.

The standards and requirements of the ISO 22000:2005 Food Safety Management System are more stringent as compared to those of HACCP. As such, the ISO 22000:2005 Food Safety Management System Certificates will be applied to all the organisations involved in the food chain in PRC whilst the HACCP Certificates will be gradually phased out by the PRC government.

(iii) ISO 9001:2008 Quality Management System

Rizhao Hengbao has established a QA system where the main purpose of the system is to ensure provision of quality products and services as well as timely delivery to its customers.

The QA manual has been carefully prepared by our Group's QA engineers, detailing the quality process as well as procedures that adhere to the stringent ISO 9001:2008 quality standards.

4. INFORMATION ON OUR GROUP (CONT'D)

The generic QMS process is as detailed below:-

(a) Product Realisation

Product realisation is the sequence of processes and sub-processes required to achieve the required results. Planning of the realisation processes shall be consistent with the other requirements of Rizhao Hengbao's QMS and shall be documented in a format suitable for its method of operation. In planning the processes for realisation of products, the following shall be determined, as appropriate.

(b) Quality Objectives and Requirements of the Service

- (aa) the need to establish processes and documentation, and provide resources and facilities specific to the services;
- (bb) verification, validation, monitoring, inspection activities and the criteria for acceptability, compliance with documented procedures and quality plan; and
- (cc) the records that are necessary to provide confidence of conformity of the processes and products to meet the requirements.

(c) Measurements, Analysis and Improvement

As part of the QMS, Rizhao Hengbao plans and implements the monitoring, measurement, analysis and continual improvement processes needed to:-

- (aa) demonstrate conformity of the product;
- (bb) assure conformity of the QMS; and
- (cc) achieve improvement of the effectiveness of the QMS.

As part of these processes, the QC Department measures and monitors the characteristics of the service to verify that the requirements for the services are met. The QC Department also ensures that service which does not conform to the service requirements is identified and controlled to prevent unintended implementation. Corrective actions will be taken to eliminate the cause of non-conformities of the service in order to prevent recurrence of the problem.

(d) Management Responsibilities

The top management of Rizhao Hengbao shall provide evidence of its commitment to the development and improvement of the QMS by:-

- (aa) communicating to the employees the importance of meeting customer as well as regulatory and legal requirements;
- (bb) establishing the quality policy;
- (cc) ensure relevant function or department/ section establish quality objectives relevant to the quality policy;

4. INFORMATION ON OUR GROUP (CONT'D)

- (dd) conducting management reviews; and
- (ee) ensuring the availability of necessary resources.

(e) Resource Management

As part of the QMS, we will determine and provide, in a timely manner, the resources needed:-

- (aa) to implement and maintain the QMS and continually improve its effectiveness; and
- (bb) to address client satisfaction.

The management of the Rizhao Hengbao is committed to the execution of the procedures established in the QC manual. The QC engineer has complete authority to carry out the QC system to identify control problems and to initiate, recommend and rectify the problems identified. The QC manual is reviewed as and when necessary to comply with customers' and our Group's procedures.

4.9 PRODUCT DEVELOPMENT

Our Group believes that constant innovation in developing new products and services that are well received by customers is important to our continued success. In the fast-moving F&B environment, customers' preferences in tastes and varieties of food are ever-changing. As such, in order to stay competitive in the F&B industry, our Group places continuous emphasis on product creation and innovation, and spends a significant amount of effort in the development of new products.

Product development activities form an integral part of our Group's evolution as we set out to develop the taste and texture of the products to cater to the preferences of our customers which include ensuring the safety of the products as well as production techniques that will achieve the desired outcome. It is also an integral part of our Group's efforts in penetrating into new product segments, as evident in our Group's production of asparagus tea, which is our Group's move into the health and nutritious food segment.

Our Group's product development efforts are headed by Professor Zhao Changmin, our Group's QC and Product Development Director. He is proficient in Japanese, English and Chinese languages and is also knowledgeable in the Japanese culture, having spent more than eight (8) years in Japan. Please refer to Section 5.6.2(i) for details of his qualifications and working experience. As at LPD, our Group's Product Development Department employs a total of fourteen (14) personnel.

Our Group's Product Development Department is also responsible for ensuring that the products our Group developed and produced comply with international standards such as, but not limited to, HACCP and/or ISO 22000:2005 Food Safety Management System. Our Group's Product Development team handles various aspects of our product development activities ranging from the type of raw materials to be used to matters relating to taste and nutritional value. Our Group's Product Development Department is also responsible for determining the production techniques as well as production safety matters which are crucial to the success of our Group.

4. INFORMATION ON OUR GROUP (CONT'D)

To ensure our products meet our customers' requirements, Rizhao Hengbao works closely with its customers when developing new products as both taste and ingredients are tailored to the targeted market and country. Through the wide-ranging products specifications required by our customers throughout the world, we are able to determine the quantity and quality of the raw materials used in our production process. From time to time, our customers will introduce new products into the market and will inform us on the production methods and raw materials to be used.

Through our Directors' years of experience in the F&B industry, our Group is also able to introduce and produce new products under our in-house brands. An example of our product innovation is our range of asparagus tea products. Our founder, Shen Hengbao, saw the wastages as an opportunity to utilise the excess asparagus to venture into a new product range, i.e. asparagus tea. Shen Hengbao had the vision for this new product as asparagus juice is very popular among consumers in Japan and asparagus tea is less widely known. As a result of Shen Hengbao's foresight, asparagus tea became popular with PRC consumers and is increasingly popular among consumers overseas.

Our Group also works closely with our suppliers, who are major agriculture players in Shandong Province to improve the quality and variety of our raw materials. Through the stringent raw materials quality requirements of our customers and our in-house brands, we are able to specify the types and quality of raw materials required. An example of on-going innovations and improvements of raw materials is the sharing of know-how with farmers in terms of the types of seeds to be used, usage of fertilisers, planting methods as well as determining harvesting periods.

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4. INFORMATION ON OUR GROUP (CONT'D)

4.10 MAJOR SUPPLIERS AND RAW MATERIALS

Our Group's main raw materials include poultry and meat, vegetables, fruits and ingredients.

Our Group sources our raw materials from local suppliers who are located at close proximity to our production plants in Ju County, Rizhao City, Shandong Province. The close proximity to supplies allows our Group to maintain an efficient and cost effective inventory management system.

In addition, Rizhao Hengbao entered into contracts with certain vegetables suppliers to enable Rizhao Hengbao to have access to stable supplies of raw materials which meet our customers' requirements. Under the contracts, Rizhao Hengbao will specify the type and quality of vegetables for its purchases and Rizhao Hengbao is required to purchase the raw materials from the suppliers at a pre-agreed minimum price.

Our Group has not experienced any material fluctuation in prices of our main raw materials during the past four (4) FYE 2006 to FYE 2009, FPE 2010 and up to LPD.

Our Group has not in the past encountered any significant production disruption due to shortage of supply of raw materials from our suppliers. Our Directors believe that we maintain good relationships with our suppliers and confirm that we did not experience any major difficulties in sourcing for raw materials to meet our production requirements in the past four (4) FYE 2006 to FYE 2009, FPE 2010 and up to LPD.

Our Group's major suppliers from whom we have purchased 10% or more of our Group's total purchases for the past three (3) FYE 2007 to FYE 2009 and FPE 2010 are as follows:-

Supplier Name	FYE 2007		FYE 2008		FYE 2009		FPE 2010	
	Purchases (RMB'000)	Proportion of Group's Total Purchases (%)	Purchases (RMB'000)	Proportion of Group's Total Purchases (%)	Purchases (RMB'000)	Proportion of Group's Total Purchases (%)	Purchases (RMB'000)	Proportion of Group's Total Purchases (%)
Weifang Le-Kang Food Co., Ltd. (潍坊乐港食品股份有限公司)	-	-	47,575	18.89	72,878	19.93	30,350	12.37
Shandong Mengshan Food Co., Ltd. (山东蒙山食品有限公司)	12,613	10.61	26,112	10.37	59,685	16.32	18,515	7.54
Rongcheng Yu Lin Shui Can Processing Plant (荣城市玉林水产加工厂)	9,797	8.24	37,345	14.83	29,334	8.02	-	-
Weifang Langdong Foodstuff Co., Ltd (潍坊朗冬食品有限公司)	-	-	-	-	25,430	6.96	20,815	8.48
Heze Haichen Food Stuff Co., Ltd (菏泽市海辰食品有限公司)	-	-	-	-	7,375	2.02	28,689	11.69
Total Group's Purchases	118,882	100.00	251,831	100.00	365,606	100.00	245,395	100.00

4. INFORMATION ON OUR GROUP (CONT'D)

Our Group did not have major suppliers from whom we have purchased 10% or more of our Group's total purchases for the FYE 2006. Our Group's total purchases for FYE 2006 were approximately RMB99.59 million.

Our Board believes that our Group is not dependent on any single one of our suppliers as our Group is able to source raw materials from alternative suppliers should the need arises.

4.11 MARKETING INITIATIVES AND MAJOR CUSTOMERS

(i) Sales and Marketing

Our Group's sales and marketing activities are carried out by our in-house Sales and Marketing Department. This department is headed by Yao Zhifang, who is currently the Sales and Marketing Director with more than nineteen (19) years of sales and marketing experience. Yao Zhifang is assisted by Tian Zhongyang, who is an experienced individual with more than eight (8) years of sales and marketing experience in the F&B sector. Under Yao Zhifang supervision, our Sales and Marketing Department promotes our Group's wide range of products, be it new or existing, to current as well as potential customers. Professor Zhao Changmin, who is Rizhao Hengbao's QC and Product Development Director, also plays an important role in the marketing activities of our Group. His involvements in the marketing efforts include working closely with our Group's customers, especially customers from Japan during the initial development stage of our Group's products.

Our Sales and Marketing Department is also responsible for handling business relationships and also business queries from our customers. One of our main platforms for reaching out to new customers and to penetrate into new markets is through the participation in domestic as well as international exhibitions such as the China Shouguang Agricultural Expo (中国寿光农业博览会) in 2008 and the Japan International Food Exhibition (日本国际食品展览会) in 2009. Participation in such exhibitions not only enables our Group to promote better awareness of our products, but more importantly, it allows our Group to establish new working relationships with potential customers.

(ii) Brand

As part of our Group's overall development plan, we established our own in-house brands namely, "Hengbao Food", "The Four Seasons Farm" and "Geleifu", also known as "Green Food" in English.

"Hengbao Food" was established since 2008 and is used in all of our own products. "The Four Seasons Farm" was established in 2009 and has since gained much popularity among PRC consumers. "The Four Seasons Farm" is used for our range of VF Snacks whilst the "Geleifu" brand is used for our range of asparagus tea products.

4. INFORMATION ON OUR GROUP (CONT'D)

Products under "Hengbao Food", "The Four Seasons Farm" and "Geleifu" brands contribute approximately 2.30% of our Group's total revenue for FPE 2010 (please refer to Section 8.3.1(i)(d) of this Prospectus for the revenue analysis by OEM and our own brand products). Our Group will continuously endeavour to establish the "Hengbao Food", "The Four Seasons Farm" and "Geleifu" brands to gain more popularity, which translates into higher revenue in the future.

Applications had been filed for "Hengbao Food" and "The Four Seasons Farm" trademarks. Both the said trademarks are currently pending the Trademark Bureau's approval. We are the registered owner of the trademark for "Geleifu".

(iii) Principal Markets and Customers

Our products are sold within the PRC as well as to countries including Japan, USA, Europe and Korea. Our customers comprise mainly wholesalers or distributors who are located in the PRC and overseas.

Although a significant portion of our sales are to wholesalers and distributors located in the PRC, to the best of our management's knowledge, the majority of such PRC wholesalers and distributors ultimately export our products overseas as most of our products are packed in the packaging materials imprinted with the ultimate customers' logo/ brands which are either in Japanese or other foreign countries. Such PRC wholesalers or distributors are normally agents appointed specifically by overseas F&B companies who are interested in our products but do not have a presence in the PRC. For the PRC market, our products are currently sold mainly in supermarkets and restaurants in major PRC cities (e.g. Shanghai, Beijing and Shenzhen) either through well established distributors or directly ourselves.

The table below shows the breakdown of our Group's revenue for the past four (4) FYE 2006 to FYE 2009 and FPE 2010:-

Country	% of Our Group's Total Revenue				
	FYE 2006	FYE 2007	FYE 2008	FYE 2009	FPE 2010
Export					
- Japan	45.09	28.96	4.35	7.44	7.00
- Europe	3.28	1.92	1.68	0.23	0.15
- Others	1.58	0.89	-	0.03	0.03
	49.95	31.77	6.03	7.70	7.18
Local (PRC)	50.05	68.23	93.97	92.30	92.82
Total	100.00	100.00	100.00	100.00	100.00

During the period from March to August 2008, in view of the Beijing 2008 Olympics, the PRC authorities imposed restrictions on all F&B exports to all countries. During this period, all F&B companies in the PRC were subjected to export quota restrictions and Rizhao Hengbao was restricted to an export quota of 2 containers per week. The export quota restrictions also affected the PRC wholesalers and distributors who were appointed by Japanese F&B companies. During the period from April to October 2008, certain of the Japanese F&B companies appointed additional PRC wholesalers and distributors to export their products. As such, during the said period, Rizhao Hengbao sold its products to more PRC wholesalers and distributors than in the past.

4. INFORMATION ON OUR GROUP (CONT'D)

Subsequently, we have shifted our target market from export market to domestic market as our management is of the view that sales through PRC wholesalers or distributors will minimise our Group's exposure to the risk of adverse exchange rate fluctuation resulting from depreciation of foreign currencies or appreciation of RMB as sales to overseas market are primarily transacted in foreign currencies. Further, by selling through PRC wholesalers or distributors, our Group will be able to reduce the incurrence of direct marketing and distribution expenses normally required for entering into new overseas markets and to be able to extend our Group's market reach without incurring additional expenses.

Rizhao Hengbao enters into three (3) years contract with certain of its local customers where the customers will specify, for the current calendar year, the types of products they are interested in, the forecasted order quantities and the unit prices.

Our Group's major customers to whom we have sold 10% or more of our Group's total revenue for FYE 2006 and FYE 2007 are as follows:-

Customer Name	FYE 2006		FYE 2007	
	Revenue (RMB'000)	Proportion of Group's Total Revenue (%)	Revenue (RMB'000)	Proportion of Group's Total Revenue (%)
Nomura Trading Co. Ltd. (日本野村貿易株式会社)	33,571	26.57	22,531	10.31
Sansei Boeki Co. Ltd. (日本山青貿易株式会社)	17,343	13.73	31,304	14.32
Total Group's Revenue	126,335	100.00	218,615	100.00

Our Group did not have any major customer to whom we have sold 10% or more of our Group's total revenue for FYE 2008, FYE 2009 and FPE 2010. The total revenue of our Group for FYE 2008, FYE 2009 and FPE 2010 was approximately RMB415.13 million, RMB608.78 million and RMB392.55 million respectively.

Our Board believes that our Group is not dependent on any one of our customers as we continually focus our efforts in expanding our customer base by attracting new customers for our existing and new products.

4.12 SEASONALITY

Our Group's operations and sales are not subjected to any material seasonality. However, sales of our products are generally higher in the second half of the financial year mainly due to the increase in orders for RTS Food in view of the holiday seasons as well as the Japanese new year. For our frozen vegetables, we normally experience slower sales during the winter periods (first and fourth quarters) and higher sales during the summer periods (second and third quarters).

4. INFORMATION ON OUR GROUP (CONT'D)

4.13 TRADEMARKS





Our subsidiary, Rizhao Hengbao has one (1) registered trademark used in our Group's branding and marketing efforts. The trademark is as follows:-

Trademark	Classification	Term for Exclusive Rights to the Trademark
Geleifu * (格雷孚) Registration No. 1167792	Class 29 (Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits, and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats) Class 30 (Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice)	14.04.2008 - 13.04.2018

Note:-

- * The above trademark was transferred to Rizhao Hengbao on 14 July 2007 pursuant to the acquisition of assets from Ju County State-Owned Assets Administration Bureau referred to in Section 4.3.1 of this Prospectus.

The following trademarks have been filed by our subsidiary, Rizhao Hengbao for registration and are currently pending approval from the Trademark Bureau of PRC:-

No.	Trademark	Classification	Application Date
1.	Hengbao Fulajji (恒宝浮来鸡)	Class 29 (Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits, and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats)	21.12.2006
2.	HENGBAO FOOD (恒宝食品) 	Class 29 (Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits, and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats)	15.07.2008
3.	HENGBAO FOOD (恒宝食品) 	Class 30 (Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice)	15.07.2008
4.	HENGBAO FOOD (恒宝食品) 	Class 31 (Agricultural, horticultural and forestry products, and grains not included in other classes; live animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals, malt)	15.07.2008
5.	The Four Seasons Farm (四季农庄) 	Class 30 (Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice)	10.03.2009

Save as disclosed above, as at LPD, we do not have any brand names, patents, trademarks, licences, technical assistance agreements, franchises or other intellectual property rights.